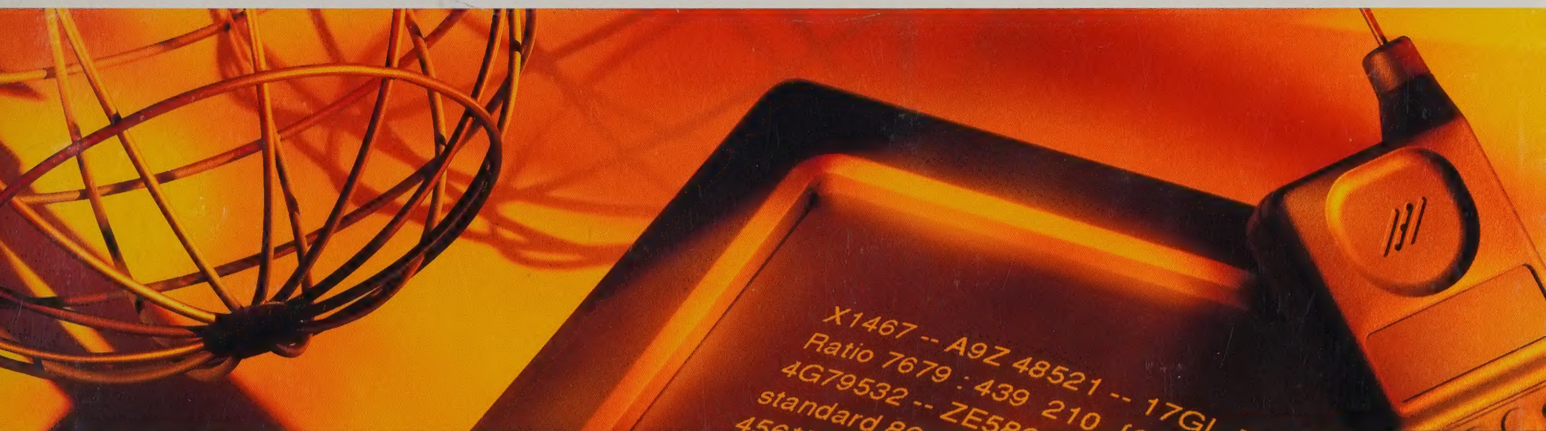
ANNUAL REPORT 1992

BCE Inc.



Bell Canada • Northern Telecom • Bell-Northern Research • BCE Telecom International • BCE Mobile • Montreal Trust

LEADERSHIP

IN TELECOMMUNICATIONS

BCE Inc. is Canada's largest telecommunications company.

Its subsidiaries and affiliated companies, including Bell Canada, provide telecommunications services to some 70 per cent of the Canadian population. Its subsidiary Northern Telecom Limited is a world leader in the manufacture of telecommunications equipment, and Bell-Northern Research Ltd. is Canada's largest research and development establishment. BCE Mobile Communications Inc. provides cellular, paging, radio, mobile data and air-to-ground communications. BCE Telecom International Inc. administers BCE's international operating and investment activities. BCE subsidiaries provide telephone directory services in Canada and overseas.

BCE also has a major interest in financial services.

BCE has the largest number of registered shareholders of any Canadian corporation and its common shares are listed on exchanges in Canada, the United States, Europe and Japan.

1993 annual meeting
The annual meeting of BCE shareholders will take place at 11 a.m., Tuesday, May 4, 1993, at the Montréal Convention Centre, 201, avenue Viger Ouest, Montréal, (Québec).

NOTICE OF

ANNUAL MEETING 1993

AND MANAGEMENT

PROXY CIRCULAR

BCE Inc.

Bell Canada • Northern Telecom • Bell-Northern Research • BCE Telecom International • BCE Mobile • Montreal Trust

BCE

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Dear Shareholder:

You are invited to attend the annual meeting of the shareholders of BCE Inc. which will be held in the Congress Hall of the Montréal Convention Centre, on Tuesday, May 4, 1993, at 11:00 a.m. You will find an admission ticket attached to your proxy form.

The items of business to be acted upon are set forth in the notice of meeting and management proxy circular. Your participation in the affairs of the Corporation is most important, regardless of the number of shares you hold. If you are unable to attend in person, please date, sign and promptly return the enclosed proxy form in the envelope provided for this purpose. If you intend to be present at the meeting, you may nevertheless find it convenient to express your views in advance by returning the proxy form duly completed.

Following the custom of past meetings, we will review with you the business and affairs of the Corporation and our expectations for the future. You will also have an opportunity to meet your directors and the executives of the Corporation.

Sincerely yours,

J.V.R. Cyr

J.V.R. Cyr
Chairman of the Board

L.R. Wilson
President and
Chief Executive Officer

February 24, 1993

NOTICE OF ANNUAL MEETING 1993

The annual meeting of the shareholders of BCE Inc. will be held in the Congress Hall of the Montréal Convention Centre, 201, avenue Viger Ouest, Montréal (Québec), on Tuesday, May 4, 1993, at 11:00 a.m., for the following purposes:

- to receive the consolidated financial statements for the year ended December 31, 1992 and the auditors' report on the financial statements;
- to elect directors for the ensuing year;
- to appoint auditors to hold office until the close of the next annual meeting; and
- to transact such other business as may properly be brought before the meeting.

Shareholders registered at the close of business on March 15, 1993 will be entitled to receive notice of the meeting.

By order of the Board of Directors,

Guy Houle
Vice-President and
Corporate Secretary

Montréal, February 24, 1993

Proxies to be used at the meeting must be received prior to 4:45 p.m. on Friday, April 30, 1993, by our transfer agent, Montreal Trust Company, by mail at Box 580, Station B, Montréal (Québec), Canada H3B 3K3, or by delivery to 1800, avenue McGill College, 6e étage, Montréal (Québec), or by other agents appointed by the Corporation for such purpose. Shareholders residing outside Canada should mail their proxies to our transfer agent at Box 127, Rouses Point, N.Y. 12979-9969, U.S.A.

MANAGEMENT PROXY CIRCULAR DATED FEBRUARY 18, 1993

This Management Proxy Circular (the "circular") is furnished in connection with the solicitation by the management of BCE Inc. ("BCE" or the "Corporation") of proxies to be used at the annual meeting of the shareholders of the Corporation to be held in Montréal, Québec, on May 4, 1993, and at any adjournment thereof. Solicitation of proxies will be by mail, supplemented by telephone or other personal contact by employees or agents of the Corporation at nominal cost, and all costs thereof will be borne by the Corporation.

Provisions relating to voting

As of the date of this circular, 306,059,413 common shares of the Corporation are entitled to be voted at the annual meeting.

Each share entitles the registered holder thereof to one vote on each ballot taken at any general meeting of the shareholders of the Corporation; such votes may be given in person or by proxy.

Only owners of shares registered on the books of the Corporation at the close of business on March 15, 1993, or their duly appointed proxies, will be entitled to attend or to register a vote at the annual meeting, unless shares are transferred after that date and the transferee establishes that he owns the shares and demands by the close of business on April 23, 1993 that his name be included in the list of shareholders entitled to vote.

Shares may be voted for or be withheld from voting on the election of directors and the appointment of auditors. On other matters, the shareholder may vote for, vote against or abstain from voting on the proposal.

As of the date of this circular, the Caisse de dépôt et placement du Québec, 1981, avenue McGill College, Montréal (Québec), Canada H3A 3C7, beneficially owned 12,010,064 common shares of the Corporation, representing 3.9% of the issued and outstanding common shares of BCE.

To the knowledge of the Corporation, no other person beneficially owns over 3% of its common shares.

Provisions relating to proxies

All shares represented by properly executed proxies received by our transfer agent prior to 4:45 p.m. on Friday, April 30, 1993 will be voted for or withheld from voting, in accordance with the wishes of the shareholder as specified thereon, in any ballot that may be called at the meeting.

The form of proxy enclosed herewith, when properly signed, confers discretionary authority on the person or persons named as proxy with respect to any matter on which no choice is specified, to all amendments or variations to matters identified in the notice of meeting and to any other matter which may properly come before the meeting.

The instrument appointing a proxy must be in writing and must be executed by the shareholder or by the shareholder's attorney authorized in writing. In addition to any other manner permitted by law, a shareholder who has given a proxy may revoke it by an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing; the instrument in writing must be deposited with the Vice-President and Treasurer of the Corporation at 2000, avenue McGill College, Bureau 2100, Montréal (Québec), Canada H3A 3H7, at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, or with the chairman of the meeting on the day of the meeting, or any adjournment thereof.

The Corporation may appoint agents in cities other than Montréal for the purpose of facilitating the delivery of proxies; if such agents are appointed, the Vice-President and Treasurer will supply their names and addresses on request.

BUSINESS TO BE TRANSACTED AT THE MEETING

(See Notice of Meeting, page 2)

Presentation of annual report and financial statements

The consolidated financial statements for the year ended December 31, 1992, and the report of the shareholders' auditors thereon will be placed before the meeting.

Additional copies of the annual report, in English or in French, may be obtained from the Vice-President and Corporate Secretary, 2000, avenue McGill College, Bureau 2100, Montréal (Québec),Canada H3A 3H7.

Election of directors

(See item 1 on proxy form)

In September 1992, Mr. J.C. Monty resigned from the Board and the vacancy was not filled. Messrs. M. Bélanger and J.P. Gordon have reached the age limit for service on the Board and are therefore not eligible to stand for re-election; Mr. Bélanger is the Chairman of the Audit Committee. Also, Mr. L. Beaudoin and Dr. P.G. Stern have decided not to seek re-election this year.

As determined by the Board on February 24, 1993, fifteen directors are to be elected to hold office until the next annual meeting of the shareholders.

The persons nominated in the list which follows are, in the opinion of management, well qualified to direct the Corporation's activities for the ensuing year.

All nominees have formally established their eligibility and willingness to serve as directors.

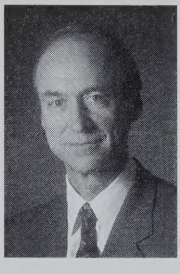
It is the intention of the persons whose names are printed in the enclosed proxy form to vote such proxy for the election of the nominees listed herein unless specifically instructed on the proxy form to withhold such vote.

If, prior to the annual meeting, any of the listed nominees should become unavailable to serve, the persons designated in the proxy form will have the right to use their discretion in voting for a properly qualified substitute.

NOMINEES FOR ELECTION AS DIRECTORS AND THEIR BENEFICIAL SECURITIES OWNERSHIP

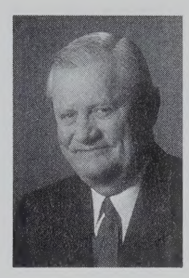
Abbreviations

NTL = Northern Telecom Limited
BCE Mobile = BCE Mobile Communications Inc.
BF Realty = BF Realty Holdings Limited



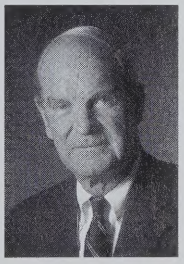
Peter Ackerman Allen, of Toronto, Ontario, is Chairman of the Board, President and Chief Executive Officer of Lac Minerals Ltd., a mine exploration, development and production company specializing in gold and other hardrock minerals. He has served as a director since May 1988 and is a member of the Audit Committee. He is also a director of The Mercantile and General Reinsurance Company of Canada.

BCE common	1,000



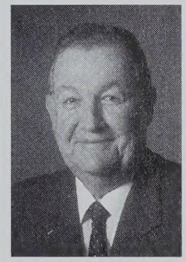
Warren Chippindale, F.C.A., of Mont-Tremblant, Québec, is former Chairman and Chief Executive Partner of Coopers & Lybrand (Canada), an accounting firm. He has served as a director since May 1986 and is a member of the Audit Committee. He is also a director of Bell Canada, BCE Mobile, Alcan Aluminium Limited, Canadian Investment Fund Ltd., Repap Enterprises Inc. and The Molson Companies Limited.

BCE common	100
BF Realty common	4,000



Ralph MacKenzie Barford, of Toronto, Ontario, is President of Valleydene Corporation Limited, a private investment company. He has served as a director since April 1987. He is also a director of Algoma Steel Corporation, Bank of Montreal, Hollinger Inc., Morton International, Inc., Advanced Technology Laboratories Inc., Spacelabs Medical, Inc. and The Molson Companies Limited.

BCE common	20,000



Joseph Victor Raymond Cyr, O.C., of Montréal, Québec, will retire as Chairman of the Board of the Corporation effective April 1, 1993 but will continue as a director and as Chairman of the BCE Canadian Telecom group. Mr. Cyr has served as a director since October 1984. He is also Chairman of the Board of Bell Canada, BCE Mobile and Telesat Canada, and a director of NTL, TransCanada PipeLines Limited, Encor Inc., Montreal Trustco Inc., Teleglobe Inc., Air Canada and Dominion Textile Inc.

BCE common	12,394
NTL common	466
BCE Mobile common	1,000
BF Realty common	2,000
BF Realty convertible debentures	$25,000

NOMINEES FOR ELECTION AS DIRECTORS AND THEIR BENEFICIAL SECURITIES OWNERSHIP

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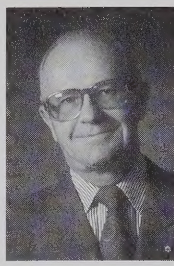
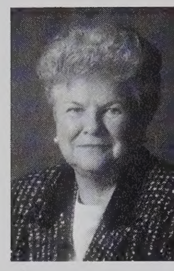


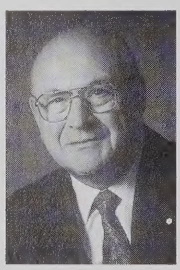
Charles William Daniel, O.C., of North York, Ontario, is a company director and consultant. He has served as a director since April 1983. He is also a director of Encor Inc., Bank of Montreal, The Mutual Life Assurance Company of Canada, Andrès Wines Ltd., Bechtel Canada Inc. and Canfor Corporation.

BCE common	2,000
NTL common	1,200
BCE Mobile common	1,500



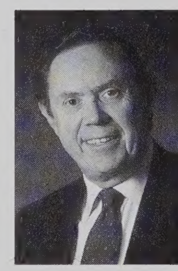
Jeannine Guillevin Wood, of Montréal, Québec, is Chairman of the Board and Chief Executive Officer of Guillevin International Inc., a distributor of electrical products. She has served as a director since May 1989 and is a member of the Audit Committee. She is also a director of Laurentian Bank of Canada, Royal Insurance Company of Canada, Hydro-Québec, Univa Inc., CDME (Compagnie de distribution de matériel électrique) S.A. and Sun Life Assurance Company of Canada.

BCE common	470



Albert Jean de Grandpré, C.C., Q.C., of Montréal, Québec, Founding Director and Chairman Emeritus of the Corporation, is Legal Counsel to the law firm of Lavery, de Billy. He has served as a director since July 1972 and until August 1989, he was Chairman of the Board of the Corporation. He is also a director of Bell Canada, NTL, Chrysler Canada Ltd., Chrysler Corporation and Textron Canada Limited.

BCE common	13,396
BCE first preferred, Series O	10,000
BCE warrants	10,000
NTL common	6,054
BF Realty common	10,000
BF Realty warrants	5,000



The Honourable Donald James Johnston, P.C., Q.C., of Montréal, Québec, is Legal Counsel to the law firm of Heenan Blaikie and is a former member of Parliament and of the Federal Cabinet. He has served as a director since May 1989. He is also a director of UniMédia (1988) Inc.

BCE common	500
BF Realty common	4,000

NOMINEES FOR ELECTION AS DIRECTORS AND THEIR BENEFICIAL SECURITIES OWNERSHIP

Abbreviations

NTL = Northern Telecom Limited
BCE Mobile = BCE Mobile Communications Inc.
BF Realty = BF Realty Holdings Limited

Gerald James Maier,
of Calgary, Alberta, is Chairman, President and Chief Executive Officer of TransCanada PipeLines Limited, a natural gas transportation and marketing company. He has served as a director since January 1987. He is also a director of Encor Inc., The Bank of Nova Scotia, Du Pont Canada Inc. and TransAlta Utilities Corporation.

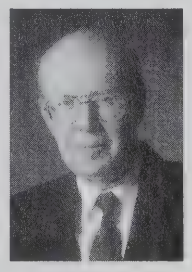
BCE common	500

James Edward Newall,
of Calgary, Alberta, is President and Chief Executive Officer and a director of NOVA Corporation of Alberta, a natural gas transportation and chemicals manufacturing and marketing company. He has served as a director since May 1989. He is also a director of Alcan Aluminium Limited, The Molson Companies Limited, Pratt & Whitney Canada Inc. and Royal Bank of Canada.

BCE common	1,096

Edward Neil McKelvey, O.C., Q.C.,
of Saint John, New Brunswick, is Counsel to the law firm of Stewart McKelvey Stirling Scales. He has served as a director since April 1973 and is a member of the Audit Committee. He is also a director of Royal Trustco Limited and Canadian Pacific Forest Products Limited.

BCE common	650
NTL common	600



Alastair Henry Ross,
of Calgary, Alberta, is Chairman and Chief Executive Officer of Pacific Enterprises Oil Company (Canada), an oil and gas exploration company. He is also President of Allaro Resources Ltd., a private oil and gas exploration company. He has served as a director since May 1985 and is a member of the Audit Committee. He is also Chairman of Petrorep (Canada) Ltd. and a director of Canadian Investment Fund Ltd., Commercial Union of Canada Holdings Ltd. and National Westminster Bank of Canada.

BCE common	2,000
BF Realty convertible debentures	$25,000

NOMINEES

FOR ELECTION

AS DIRECTORS

AND THEIR

BENEFICIAL

SECURITIES

OWNERSHIP

Abbreviations

NTL = Northern Telecom Limited
BCE Mobile = BCE Mobile Communications Inc.
BF Realty = BF Realty Holdings Limited
NewTel = NewTel Enterprises Limited

Charles Richard Sharpe,
of Mississauga, Ontario, is Chairman of the Board of Sears Canada Inc., retail department stores and catalogue sales. He has served as a director since May 1988. He is also a director of Bell Canada, Canadian Imperial Bank of Commerce, OMERS Realty Corporation, Mediacom Inc. and Noranda Forest Inc.

BCE common	2,983

Louise Brais Vaillancourt, C.M.,
of Outremont, Québec, is a former President of a non-profit research funding organization. She has served as a director since January 1975 and is a member of the Audit Committee. She is also a director of National Bank of Canada, Air Canada and AXA Insurance.

BCE common	598
NTL common	400

Lynton Ronald Wilson,
of Montréal, Québec, is President and Chief Executive Officer and will also become, effective April 1, 1993, Chairman of the Board of the Corporation. He has served as a director from May 1985 to September 1989 and continuously since November 1990. He is also Chairman of the Board of Montreal Trustco Inc. and a director of Bell Canada, BCE Mobile, NTL, Maritime Telegraph and Telephone Company, Limited, Automotive Industries Holdings, Inc., Stelco Inc. and Tate & Lyle PLC.

BCE common	4,038
NTL common	842
NewTel common	500

Remuneration of directors
Each director who is not a salaried officer of BCE is entitled to be paid $25,000 per annum for services as a director, $5,000 per annum per committee for services as a member of any standing committee of the Board and $4,000 per annum for services as Chairman of any standing committee of the Board. In all cases, the directors are entitled to an attendance fee of $1,000 per meeting and the reimbursement of their expenses. Additional special remuneration may be paid to a director undertaking any special services beyond those ordinarily required of a director by the Corporation.

Remuneration of executive officers
The aggregate cash remuneration paid or payable by the Corporation and its subsidiaries to the nine executive officers of the Corporation for services rendered during the last completed financial year of the Corporation ended December 31, 1992 was $5,132,000. The aggregate value of all other remuneration for the executive officers, comprised principally of automobile personal usage and company-provided personal life insurance, was $107,600.

BCE remuneration plans
BCE directors who are also officers of BCE and all other BCE officers participate in the Corporation's non-contributory defined benefit plan (the "Pension Plan"). In addition, supplementary executive retirement agreements ("Supplementary Agreements") which are described more fully in d. below, are entered into with officers. The following describes the pensions payable to officers under the Pension Plan, as supplemented by the Supplementary Agreements:

a. pensions are based on pensionable service and the average of the best consecutive thirty-six months of pensionable earnings;

b. pensionable earnings include salary and bonuses, subject to certain limits, awarded under the BCE Executive Compensation Policy;

c. the following table shows estimated annual pension benefits, expressed in each case as a percentage of the average of the best consecutive thirty-six months of pensionable earnings (the "Base"), payable upon retirement on December 31, 1992, at age 65, to officers in specified earnings and service classifications:

	Credited service (years)			
Base	20	30	40	50
$ 200,000	29.6%	43.6%	57.5%	70.0%
300,000	30.4	44.7	59.0	70.0
400,000	30.7	45.2	59.7	70.0
500,000	30.9	45.5	60.1	70.0
600,000	31.1	45.7	60.4	70.0
700,000	31.2	45.9	60.6	70.0
800,000	31.3	46.0	60.7	70.0
900,000	31.3	46.1	60.9	70.0
1,000,000	31.4	46.2	60.9	70.0
1,100,000	31.4	46.2	61.0	70.0
1,200,000	31.4	46.3	61.1	70.0

Benefits shown above are not subject to any deductions or offsets thereunder but part of the benefits are partially indexed to increases in the Consumer Price Index;

d. under the Supplementary Agreements, an officer is credited with an additional 0.5 year of pensionable service for each year of service as an officer of the Corporation and the pension is calculated on the basis of

the best consecutive thirty-six months of pensionable earnings, as opposed to the best five years under the Pension Plan as is otherwise applicable. In no case may an officer receive in the aggregate under the Pension Plan and the Supplementary Agreements an annual pension benefit in excess of 70% of the Base. In addition, upon retirement, an officer is entitled to a payment under the Supplementary Agreements equal to the officer's annual salary. This amount is not included in computing the officer's pension benefits.

Pursuant to agreements with certain officers who are retired or eligible to retire, BCE has undertaken to make periodic contributions or, at its discretion, to deposit one or more letters of credit or similar instruments to a trust fund for the funding of certain benefits to which they would be entitled under the Supplementary Agreements with them.

Under the terms of an agreement between BCE and an executive officer engaged during 1990, the executive officer will receive retirement income not less than 60% of the average base salary compensation if he retires at age 55, not less than 65% of the average of salary plus bonus compensation at age 60, and not less than 70% of the average of salary plus bonus compensation at age 65.

Under the terms of an agreement between BCE and an executive officer engaged during 1991, the executive officer will receive, upon retirement, retirement income of approximately 50% of base salary at age 55, and approximately 70% of the average of salary plus bonus compensation at age 65. In addition, BCE is paying interest for a period of five years on a personal loan to the executive officer; interest amounts on the loan paid during 1992 form part of the cash compensation disclosed under "Remuneration of Executive Officers".

Under BCE's Executive Compensation Policy, annual bonus awards may be granted to officers and other key employees of BCE, as determined by the Management Resources and Compensation Committee of the BCE Board of Directors. Such awards were made to executive officers in respect of 1992. Bonus awards may be payable in cash, or contributed to a profit sharing plan available to certain employees, including executive officers of BCE, or may be deferred in accordance with the policy as at February 26, 1986, and related agreements entered into prior to that date. Under the deferral policy, which applies to an executive officer and other key employees, the cumulative balance of awards which are not paid out is increased semi-annually by an adjustment factor equal to the prevailing five-year guaranteed investment certificate interest rate. The Corporation is obliged to pay out any amounts authorized by the Management Resources and Compensation Committee of the Board and, on termination of employment, the cumulative balance is paid into a trusteed employee benefit plan and paid out over a period not to exceed ten years. Bonus awards, irrespective of their method of settlement, are included in the amount of aggregate cash remuneration disclosed on page 9, but no amounts are included with respect to adjustment amounts or to income earned in trusteed plans subsequent to termination of employment.

The Long-Term Incentive (Stock Option) Program (1985) of BCE (the "Plan") is designed to assist BCE in attracting and retaining executives with experience and ability. The Plan is administered by the Management Resources and Compensation Committee. Subject to confirmation by the Board of Directors of BCE, the committee chooses from time to time those key employees to whom it recommends that options should be granted and the number of common shares of BCE which it recommends be covered by each such grant. The aggregate number of shares covered by options authorized for issue to all optionees with respect to any year shall not exceed 0.5% of the issued and outstanding shares of BCE at the end of the previous year. The exercise price payable for each common share covered by an option is 100% of the market value (as defined in the Plan) of a common share on the last trading day prior to the date of the grant of each option or, in the case of U.S. participants, on the effective date of the grant. Each option is exercisable during a period established by the committee which is not to exceed ten years from the effective date of the option. The right to exercise the option in its entirety normally accrues over a period of four years, provided that the optionee remains or is considered to remain in the continuous employment of BCE or of any of its subsidiaries. Simultaneously with the granting of an option, rights to a special compensation payment (an "SCP") may be granted, the amount of which is computed by reference to a number of shares not in excess of the number of shares covered by the option to which it is related.

Each optionee granted an SCP shall have the right to receive, on the exercise of the related option, for shares covered by the SCP, a payment representing the excess of the market value of the shares on the date of exercise over their market value on the date of grant of the SCP which is settled in cash, unless an optionee gives notice in writing of his election to receive shares and the committee consents to the election. As at December 31, 1992, a total of 4,816,761 common shares remained authorized for issuance under the Plan. An adjustment shall be made by the committee in the event of any change in the number of shares outstanding by reason of a stock dividend, share recapitalization, or other change in the share capital of the Corporation. Options covering 905,950 shares were outstanding, as well as SCP's covering 803,223 shares. In 1992, options covering 109,764 shares were granted to executive officers at an exercise price of $48.6875. SCP's covering an equal number of shares were also granted. No options or SCP's were exercised by executive officers of BCE in 1992.

Under the BCE Employees' Savings Plan (1970), BCE employees, including officers, are eligible to make a basic contribution of 2%, 4% or 6% of their basic wages with provision for an additional 2% or 4% supplementary contribution. BCE contributes to the plan at the rate of $1 for every $3 of an employee's basic contribution. The National Trust Company, as trustee, uses the aggregate funds available for investment to purchase common shares from BCE, on the open market or by private purchase, throughout each month of the plan year, in proportions as determined from time to time by BCE. These common shares are distributed to participants following the end of each plan year, which coincides with the calendar year. In 1992, all executive officers of BCE benefited from company contributions under the plan; the contributions are included in the amount of aggregate cash remuneration disclosed on page 9.

BCE officers participate in the Corporation's comprehensive medical expense, dental and vision plans available to all BCE employees and in a supplementary health plan for BCE officers only.

Directors' and officers' liability insurance

Group liability insurance in the aggregate amount of US $125 million (approximately Can. $157 million) is purchased for the protection of all the directors and officers of the Corporation, its subsidiaries and certain of its associated companies against liability incurred by such directors and officers. In 1992, the amount charged against earnings by the Corporation for its portion of the premium paid in respect of its directors as a group was $370,074 and in respect of its officers as a group was $166,533. In any case in which the Corporation is not permitted by law to reimburse the insured, the deductible is nil. Where the Corporation is permitted to reimburse the insured, the deductible is US $500,000 (approximately Can. $630,000).

Directors' indebtedness

As at the date hereof, Dr. P.G. Stern, Chairman of the Board and Chief Executive Officer of NTL, who is a director of the Corporation, was indebted to NTL in respect of a ten-year interest-free loan for purposes of relocation. The largest aggregate amount of such indebtedness since January 1, 1992 and the balance as at the date hereof was US $500,000.

Information concerning transactions with interested parties

During 1992, Bell Canada, a wholly-owned subsidiary of BCE, purchased telecommunications equipment from NTL, the Corporation's 52.4% owned manufacturing subsidiary, with which one director of the Corporation was affiliated as an executive officer. Such sales by NTL to Bell Canada and to other telecommunications subsidiary and associated companies of BCE represent approximately 16.9% of NTL's 1992 consolidated revenues.

Appointment of auditors

(See item 2 on proxy form)

A firm of auditors is to be appointed by vote of the shareholders at the annual meeting to serve as auditors of the Corporation until the close of the next annual meeting. The Board of Directors, on the advice of the Audit Committee, recommends that Deloitte & Touche be reappointed as the shareholders' auditors.

Other business

The Chairman will report on recent events of significance to the Corporation and on other matters of interest to the shareholders and will invite questions and comments from the floor.

I, the undersigned, Vice-President and Corporate Secretary of BCE Inc., hereby certify that the contents of this circular and the sending of it to each shareholder entitled to receive notice of the annual meeting, to each director, to the auditors of the Corporation and to the appropriate governmental agencies were approved by the Board of Directors of the Corporation.

Guy Houle
Vice-President and
Corporate Secretary

Montréal, February 24, 1993

Annual Information Form

The Annual Information Form is available from the date of its filing with securities commissions or similar authorities in Canada by writing to:

The Vice-President and
Corporate Secretary
BCE Inc.
2000, avenue McGill College
Bureau 2100
Montréal (Québec) H3A 3H7

INFORMATION CONCERNING PROXIES

To ensure representation of your shares at the meeting, please complete, sign and return your proxy form as soon as possible.

It is important that your shares be represented at the meeting and that your wishes be made known to the directors. This will be assured, whether or not you attend the meeting, if you complete and sign the enclosed proxy form, and return it as soon as possible in the postage-paid envelope provided.

Proxies are counted and tabulated by Montreal Trust Company, the transfer agent of the Corporation, in such a manner as to preserve the confidentiality of individual shareholder votes, except (a) as necessary to meet applicable legal requirements, (b) in the event of a proxy contest or (c) in the event a shareholder has made a written comment on the proxy form.

If you are present at the meeting and choose to vote in person on any ballot that may be called, your proxy will not be used; if you do not attend or do not wish to vote in person, your proxy will be voted for or withheld from voting in accordance with your wishes as specified thereon in any ballot that may be called at the meeting.

Proxies to be used at the meeting must be sent to the transfer agent of the Corporation, Montreal Trust Company, by mail at Box 580, Station B, Montréal (Québec), Canada H3B 3K3, or delivered in person at 1800, avenue McGill College, 6e étage, Montréal (Québec).

Shareholders residing outside Canada should mail their proxies to BCE's transfer agent at Box 127, Rouses Point, N.Y. 12979-9969, U.S.A.

All proxies must be received by BCE's transfer agent, Montreal Trust Company, prior to 4:45 p.m. on Friday, April 30, 1993.

Canadian mail service interruption

If there is mail service interruption in Canada prior to mailing by a Canadian shareholder of a completed proxy to BCE, it is recommended that the shareholder deposit the completed proxy, in the envelope provided, at any of the following offices of Montreal Trust Company which has been appointed BCE's agent for this purpose:

Alberta
411 – 8th Avenue, S.W.
Calgary

10200 – 102nd Avenue
Edmonton

British Columbia
510 Burrard Street
Vancouver

100 – 747 Fort Street
Victoria

Manitoba
221 Portage Avenue
Winnipeg

New Brunswick
53 King Street
Saint John

Newfoundland
331 Water Street
St. John's

Nova Scotia
1690 Hollis Street
Halifax

Ontario
21 King Street, W.
Hamilton

171 Queens Avenue
London

96 Sparks Street
Ottawa

151 Front Street, W.
8th Floor
Toronto

Prince Edward Island
129 Queen Street
Charlottetown

Québec
Place Montréal Trust
1800, avenue McGill College
6e étage
Montréal

475, rue Saint-Amable
Québec

Saskatchewan
1778 Scarth Street
Regina

201 Second Avenue, S.
Saskatoon

Shareholders residing outside Canada will not be affected by a Canadian mail service interruption if they use the envelope provided by BCE for the return of their proxy.

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Rochester (New York)

a BCE company

CONTENTS

PRINCIPAL SUBSIDIARIES

Bell

Bell Canada, the largest Canadian telecommunications operating company, markets a full range of state-of-the-art products and services to more than seven million business and residence customers in Ontario and Quebec.

BCE TELECOM INTERNATIONAL

BCE Telecom International Inc. manages BCE's international investment and consulting interests.

BCE MOBILE

BCE Mobile Communications Inc. provides cellular telephone, paging, telephone answering, and private and shared radio systems and services under the brand name Bell Mobility. At year-end, BCE owned 65.5 per cent of BCE Mobile, whose shares are traded on the Montreal and Toronto stock exchanges.

nt northern telecom

Northern Telecom Limited is the leading global supplier of fully digital telecommunications systems. It is 52.4 per cent owned by BCE and its common shares are listed on the New York, Toronto, Montreal, Vancouver, London and Tokyo stock exchanges.

BNR

Bell-Northern Research Ltd. is Canada's largest research and development organization and is a world leader in the design and development of advanced telecommunications systems. It is 70 per cent owned by Northern Telecom and 30 per cent by Bell Canada.

MONTREAL TRUST

Montreal Trustco Inc., wholly owned by BCE, markets financial and trust services to individuals, businesses, governments and institutions through branches and offices across Canada.

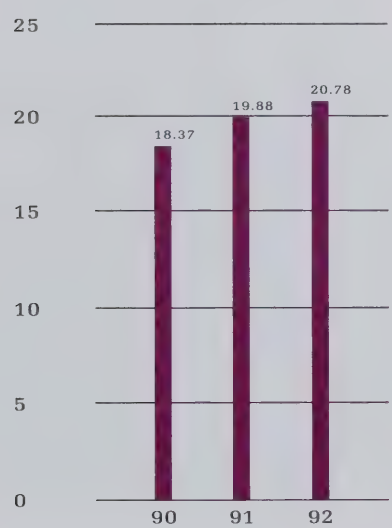
The annual reports to shareholders of BCE's public companies may be obtained directly from those companies, or by writing to:

The Vice-President and Corporate Secretary
BCE Inc.
2000, avenue McGill College
Bureau 2100
Montréal (Québec) H3A 3H7

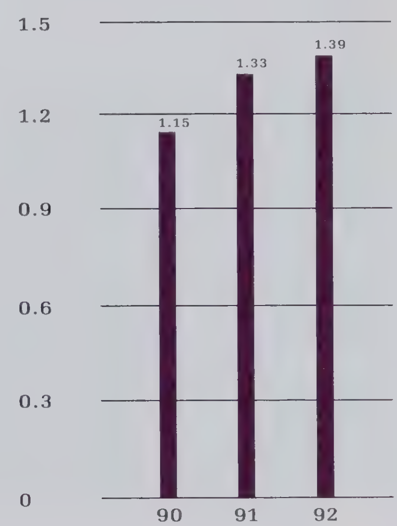
FINANCIAL HIGHLIGHTS

($ billions, except per share amounts)	**1992**	1991	1990
Total revenues	**20.78**	19.88	18.37
Net earnings	**1.39**	1.33	1.15
Net earnings applicable to common shares	**1.30**	1.24	1.06
Earnings per common share	**4.21**	4.01	3.50
Return on common equity	**12.0%**	12.0%	10.8%
Total assets	**48.31**	45.70	41.99
Capital expenditures	**3.72**	3.27	3.31

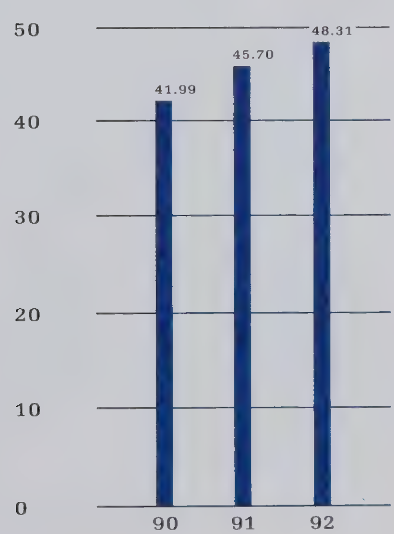
Total revenues
($ billions)



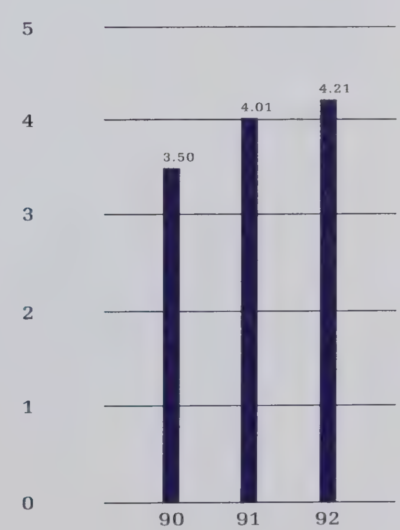
Net earnings
($ billions)



Total assets
($ billions)

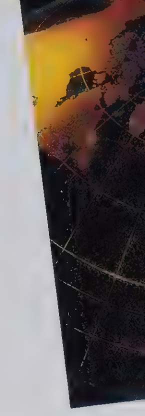


Earnings per common share
($)



LETTER TO SHAREHOLDERS

L.R. Wilson *J.V.R. Cyr*



1992 was a year of solid progress for BCE. We achieved the highest revenues, net earnings and earnings per share in our history, despite continued economic stagnation and increasing market competition. We concentrated further on our core business of telecommunications, with a major investment in the United Kingdom and significant alliances to reinforce our competitive position, both domestically and globally. We also divested an additional $1.1 billion of non-core assets.

Our 1992 earnings of $4.21 per share represented a five per cent improvement over 1991. Improved year-over-year performance by our telecommunications companies underscored the strong base of our record results. Northern Telecom Limited increased net earnings applicable to common shares by eight per cent, to US $536 million, while Bell Canada's net earnings rose two per cent to $931 million. BCE Mobile Communications Inc. also registered good results, reducing its loss to $4 million from $18 million in 1991.

Like most of the financial services industry, Montreal Trustco Inc. had a very difficult year. The serious recession in the real estate sector caused an increase in the number of non-accrual loans, and the provision for loan losses increased by $145 million to $178 million. The net loss for the year was $79 million.

The difficult real estate markets have also had an impact on Brookfield Development Corporation. We anticipate that BCE's loan to Brookfield, a subsidiary of BF Realty, will be addressed in 1993.

The approval by the Canadian Radio-television and Telecommunications Commission (CRTC) of the application by Unitel Communications Inc. and B.C. Rail Telecommunications/Lightel Inc. to compete in the provision of long distance service is the most crucial issue facing our domestic telecommunications businesses. Competitive pressures will intensify further as a result of AT&T's 20 per cent equity stake in Unitel. We are determined to meet this challenge by seeking a regulatory and pricing regime that is appropriate for a competitive environment and through continued productivity improvements and the expansion of new value-added services.

BCE recognizes the need and significant potential for growth through joint ventures and business alliances. The acquisition of a 20 per cent interest ($982 million) in Mercury Communications Limited and a broader partnership with Cable and Wireless plc constitute a major step in that direction. The disposal of non-core assets enabled us to finance the Mercury stake and other investments entirely from internally generated funds.

During 1992, BCE also expanded its cable television interests in the U.K. through the acquisition of a controlling interest in Encom Cable TV & Telecommunications Limited. Encom and Videotron Holdings, BCE's other U.K. cable holding, both offer telephone services to a growing market of residential and small business customers. These acquisitions are complementary as Mercury can be the long distance provider for our cable TV and telephone customers.

Other alliances will also enhance BCE's global competitiveness. Northern Telecom established a partnership with Motorola Corporation (MOTOROLA NORTEL Communications Co.) and also acquired a 20 per cent interest in Matra Communication S.A., a French telecommunications manufacturer.

Closer to home, Stentor was created to improve the capacity of the Canadian telecoms, as a group, to meet the challenge from domestic and powerful foreign competitors.

Through another alliance called Alouette Telecommunications Inc., Stentor purchased control of Telesat Canada, which operates six satellites providing nationwide service. Stentor also reached an agreement with Teleglobe Canada Inc. that will enable reductions in international rates.

Stentor also concluded an alliance with MCI Communications Corporation, the second-largest long distance carrier in the United States, in order to provide high technology services (e.g. virtual private networks) to Canadian businesses later this year.

Advances in wireless communications are having a profound impact on our business. In 1993, BCE Mobile Communications will introduce small, easily carried cordless handsets as the first step towards a new threshold of personal communications services. Increasingly, telecommunications services will adjust to the needs of the subscriber: videoconferencing to ease the burden of business travel; high-speed data services using public networks; multimedia networking via personal computers; and calling features ensuring greater control by subscribers over their telephone communications. These developments will make telecommunications more convenient, more accessible, more selective and more cost-effective.

The most vital ingredient in our competitive position is the substantial investment by BCE companies in research and technology. Bell Canada has invested billions of dollars to ensure state-of-the-art equipment and operations. Northern Telecom and Bell-Northern Research hold a pre-eminent global position as a result of a consistent commitment to innovation and technological development. The quality of BCE's technology is our proudest asset.

Competitive change will be the dominant characteristic of 1993 for the telecommunications industry. BCE's major goal will be to continue to improve our earnings by focusing closely on telecommunications, asserting our competitive strengths in Canada and expanding our international business through alliances, joint ventures and investments. We intend as well to sustain our leadership in technology and the high quality of our telecommunications services and equipment.

By taking a conservative approach to provisions for loan losses, we also expect that Montreal Trustco will be well-positioned for recovery.

The beginning of 1993 witnessed important changes in the leadership of the corporation. After an outstanding 35-year career with Bell Canada and BCE, J.V. Raymond Cyr will retire as chairman of the board effective April 1. He will, however, continue as a director of BCE and as senior advisor in the office of the chairman. He will also remain as non-executive chairman of Bell Canada and director of a number of affiliated companies.

L.R. Wilson, currently president and chief executive officer, replaces Mr. Cyr as chairman.

This year, five directors have resigned or are not standing for re-election and will not be replaced. As a consequence, the board will be reduced to fifteen directors.

Two directors have reached the board's age limit. They are

Marcel Bélanger, president of Gagnon et Bélanger Inc., who has served on the board since March 1969 and is chairman of the Audit Committee; and J. Peter Gordon, formerly chairman of the board and chief executive officer of Stelco Inc., who has served since April 1982. Mr. Gordon is chairman of both the Pension Fund Policy Committee and the Management Resources and Compensation Committee. These two men have been outstanding directors, providing sound advice and leadership as chairmen of the three board committees for many years. We wish them good health and happiness in their retirement.

Two directors have decided not to seek re-election. They are Dr. Paul G. Stern, chairman of the board and CEO of Northern Telecom, who has been a director since May 1990 and is a member of the Pension Fund Policy Committee; and Laurent Beaudoin, chairman and CEO of Bombardier Inc., who has served as a director since May 1988 and is a member of the Management Resources and Compensation Committee. Both Dr. Stern and Mr. Beaudoin brought invaluable international experience and perspective to the board, and we wish them continued success.

Jean C. Monty, who resigned as chairman of the board and CEO of Bell Canada to become president and chief operating officer of Northern Telecom, left the board effective September 23, 1992. We wish him every success as he assumes the leadership of one of BCE's most important companies.

We are also welcoming a new member of the BCE management team. Derek H. Burney, who left his post as Canada's ambassador to the United States at the end of the year, is executive vice-president, international, and chairman of the board of BCE Telecom International Inc. (BCETI), effective January 25. Mr. Burney has had a distinguished 30-year career in Canada's foreign service, serving in several important posts in Ottawa and abroad.

Jacques B. Bérubé left his post as group vice-president, international telecom, and president of BCETI, to return to Bell Canada. Among his notable achievements at BCE, Mr. Bérubé managed the negotiations that led to our alliance with Cable and Wireless. This was a difficult, extremely detailed process, and his perseverance and dedication were remarkable, and entirely typical.

The people in the BCE companies are our most valuable resource. Our firms have earned impressive compliments for the high quality of their workforces. The devotion and sense of professionalism among BCE employees inspires a corporate commitment to excellence. As shareholders, you may count on our persistent efforts to sustain that commitment and to provide the best telecommunications products and services in the world.

J. V. R. Cyr

J.V. Raymond Cyr
Chairman of the Board

L.R. Wilson
President and
Chief Executive Officer

February 24, 1993

CANADIAN

TELECOMMUNICATIONS

Télébec ltée serves some 300 towns across Quebec. Here, repairman Joël Danis verifies lines at Placer Dome's Kiena gold mine near Val-d'Or, 500 km north of Montreal.

Toronto, Canada's largest city and business hub, depends on state-of-the-art telecommunications from BCE companies.

This Motorola SILVERLINK cordless telephone operates at home, the office, or in public.

1992 was a watershed year for the Canadian telecommunications industry. In a decision announced June 12, the Canadian Radio-television and Telecommunications Commission (CRTC) opened the long distance market to full facilities-based competition.

The telecommunications services companies, known as telecoms, will meet this challenge by emphasizing customer focus and introducing timely and high-quality products and services. They will continue to modernize the network, improve efficiency and reduce costs. Success depends on strong employee skills and leadership in advanced technology – areas where BCE telecoms are already world leaders.

Currently, the telecoms' long distance revenues are bearing the brunt of the prolonged recession, slow recovery and narrowing margins. At the same time, growth in demand for local service is outpacing growth in long distance usage. This cuts into earnings since local prices do not cover costs of providing service – historically, subsidies from long distance revenues have covered this shortfall. As these revenues are curtailed due to the recession and competitive inroads, it is not possible to turn to them as much as in the past to subsidize local service. Bell Canada has therefore asked the CRTC to consider raising local rates, the first such request in ten years.

Given major changes in their operating environment, the telecoms welcomed the CRTC's announcement of a 1993 review of its regulatory framework, aimed at making it more efficient, effective and streamlined. This review may result in faster introduction of new technology and services and more flexible pricing.

BCE telecom services

BCE is by far Canada's largest telecommunications provider. In addition to its ownership of Bell Canada, the largest and most profitable telecom in Canada, BCE owns between 34.3 and 100 per cent of seven other telecoms. Taken together (*see map below*), these telecoms provide about 70 per cent of Canada's network access services, covering seven million square kilometres across six time zones, from Newfoundland to the Yukon-Alaska border.

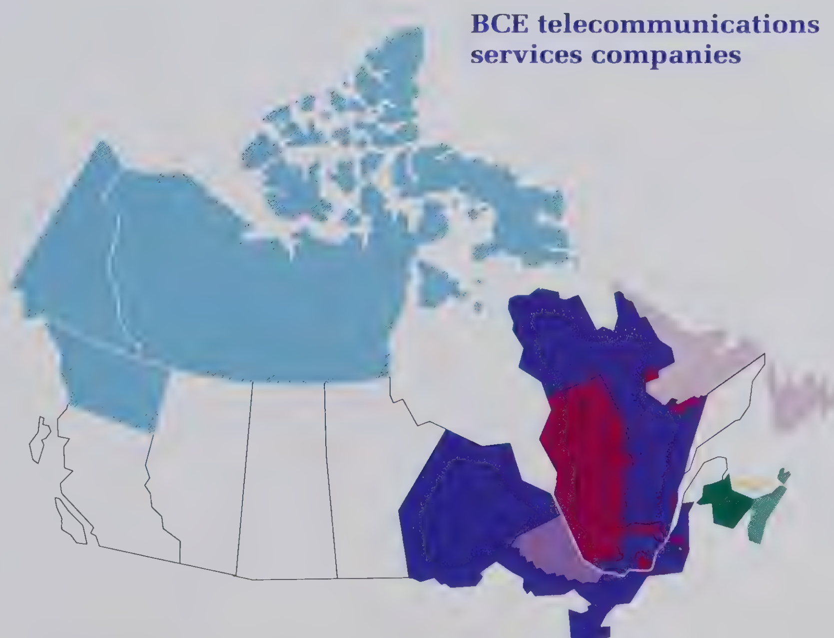
Bell Canada operates in Ontario and Quebec and provides 58 per cent of all network access services in Canada.

BCE telecommunications services companies

Percentage ownership

Northwestel Inc.	100
Bell Canada	100
Northern Telephone Limited	99.9
Télébec ltée	100
Bruncor Inc. (The New Brunswick Telephone Company, Limited)	37.0
Maritime Telegraph and Telephone Company, Limited	34.3
The Island Telephone Company Limited	*
NewTel Enterprises Limited (Newfoundland Telephone Company Limited)	55.3

*subsidiary of MT & T



In 1992, BCE's telecom investments contributed $945 million to consolidated earnings, or $3.07 per share, compared with $889 million, or $2.89 per share, in 1991. By far the largest contribution was from Bell Canada, which contributed $931 million to consolidated earnings, or $3.03 per share. Bell Canada's 1992 results are detailed on page 12.

Other Canadian telecom interests

In April 1992, Bell Canada joined other major Canadian telecoms and Spar Aerospace Limited to purchase the federal government's majority stake in Telesat Canada, which operates six satellites that transmit telecommunications data, radio and TV signals across Canada. BCE now has a 57.5 per cent equity interest in Telesat Canada, with a voting interest of 25 per cent.

The Ontario Weather Centre uses Impac, Bell Canada's frame relay service, to transmit high volumes of data rapidly. Elsbietaff Ros monitors the severe weather desk at Toronto's Lester B. Pearson Airport.

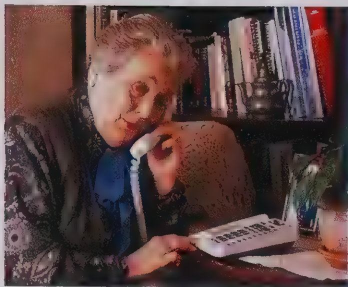
BCE also has a fully diluted 22.8 per cent investment in Teleglobe Inc., the parent company of Teleglobe Canada Inc., which is the sole carrier for Canada's overseas telecommunications, via satellite and submarine cable.

Canadian system

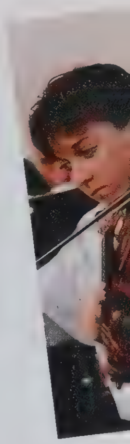
Canada's telecommunications system is one of the world's best. Close to 99 per cent of Canadian homes have telephones. Service performance levels, such as call completion rates and customer trouble report rates, rank among the world's finest. The entire Canadian long distance network and over 65 per cent of the local network are served by digital technology, due to grow to 95 per cent by 1994. Bell Canada, which pioneered digital networks in 1976, will be 99 per cent digital in 1994.

Common Channel Signalling No. 7 (CCS-7), the network overlay permitting a host of advanced services, is fully deployed on the Northern Telecom switches that make up Canada's long distance network. At the local level, nearly the entire Canadian system will be covered by CCS-7 in 1994.

In addition, Canada is served by two high-capacity transcontinental fiber optic cables, the most recent being the Stentor Canada link installed in 1992, which functions on the SONET (synchronous optical network) standard. An intelligent network infrastructure is in place, and an advanced intelligent network is now being set up, which will permit many more value-added services for home and business.



The VISTA 200 telephone offers easy access to an array of convenient features proving very popular with the public.



Bell Canada is committed to contributing one per cent of pre-tax profits to charitable and non-profit organizations.

Renewed cooperation among telecoms

Dramatic changes in telecommunications have prompted nine of Canada's major telephone companies to form the Stentor alliance, building on 70 years of cooperation. Stentor, headquartered in Ottawa, is consolidating many engineering, national and international marketing, government and policy activities and overall network management. A major goal is to create business alliances and partnerships with other carriers.

In October, Stentor signed a 10-year interconnection agreement with Teleglobe Canada, aiming to reduce rates for international calls. The agreement is subject to CRTC approval.

MCI Alliance

Stentor and MCI Communications Corporation, the second-largest long distance carrier in the United States, announced in September a strategic alliance to develop advanced intelligent network services available "seamlessly" to customers on both sides of the border. Beginning in March 1993, Stentor's member companies will gain access to MCI's intelligent network platform, which supports some of the world's most advanced voice and data services. MCI is a leader in "virtual private networks," whereby companies can link many geographic locations in an internal, private network that uses the public switched network.

Members of Stentor filed tariffs with the CRTC in the fall of 1992 for approval of phase one of its own Virtual Corporate Network (VCN), which will function nationally and cross-border. Approval has not yet been granted. Phase two, an enhanced version of VCN, will be based on the MCI platform.

Improving the network

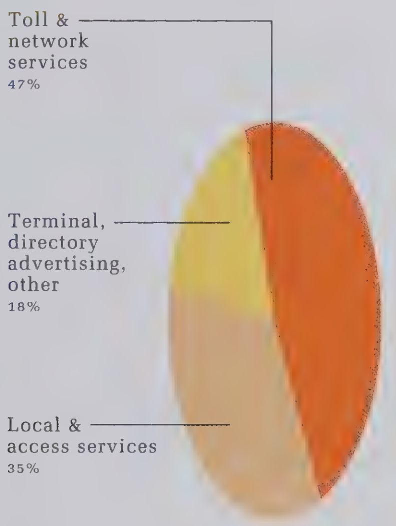
Despite the recession's impact on revenues, BCE's telecom subsidiaries and affiliated companies continue to invest in improving and expanding their networks.

In 1992, Bell Canada invested $2.7 billion in equipment and facilities, and plans to spend $11 billion from 1993 through 1997. About $8.7 billion of this amount will support the needs of existing customers and meet growth in demand for basic and new services, through installation of digital and fiber optic equipment. The rest will serve to reduce costs and modernize and improve the network.

In 1992, Bell Canada signed the biggest supply contract in Northern Telecom's history, a $1.1 billion two-year contract for accelerating network conversion to fully digital technology.

At the same time, prices for telephone service have been kept under tight rein. During the period 1983 through 1992, the consumer price index rose 47 per cent, while the average Bell Canada telephone bill, including both local and long distance service, declined by one per cent. By comparison, the cost of electricity service rose 78 per cent, postal rates rose 54 per cent, basic cable rates rose 72 per cent, and the comparable U.S. telephone bill rose 21 per cent.

Bell Canada Source of operating revenues 1992
(%)



The final link of Stentor's transcontinental fiber optic cable was laid on the seabed off the Atlantic provinces.

Bell Canada's long distance rates have fallen an average of 31 per cent over the past six years, while local rates have remained relatively stable. Major rate reductions continued in 1992, notably for business services such as WATS, 800 Service, Advantage and FaxCom.

In addition, new technology permits value-added services that bring revenue to the telecoms. Enhanced services such as calling line features, made possible by digital technology and the deployment of CCS-7, are more widely available, and new features are being added. Call Answer arrived in 1992 and Family Call Answer, featuring additional mailboxes, in late 1992.

For businesses, 800 PLUS service was offered in late 1992, with features to respond to and route calls from customers. Microlink, the basic rate interface for Integrated Services Digital Network (ISDN), received CRTC approval for introduction in the fall. It permits Centrex customers to combine voice, data, and image messages over one line and permits many new business applications, including dial-up multipoint videoconferencing. For customers with private branch exchanges (PBXs), Megalink, the primary rate interface service for ISDN, has been available since spring 1992.

Bell Canada highlights (consolidated)	**1992**	1991
($ millions except per share amounts)		
Operating revenues	**7,863**	7,729
Net earnings	**1,006**	986
Contribution to BCE consolidated earnings	**931**	914
Contribution to BCE earnings per share	**3.03**	2.97
Total assets	**18,414**	17,163
Capital expenditures (net)	**2,688**	2,330
Number of employees	**52,897**	54,632
Network access services (thousands)	**9,229**	9,025
Message Toll Service (MTS) messages (millions)	**1,758**	1,758

Bell Canada-GTE alliance
In a major agreement, Bell Canada and GTE Data Services Incorporated, a subsidiary of GTE Corporation, will cooperate to develop, share and market information management systems. Bell Canada is acquiring a licence to use GTE's Customer Billing Services System which provides a customer-defined, itemized bill. The new system, to be deployed in 1994, will be particularly useful to businesses with offices in several places.

Bell Sygma
Bell Sygma Inc., a subsidiary of Bell Canada, has been set up as a holding company for two companies: Bell Sygma Systems Management Inc., a data processing and communications management company; and Bell Sygma Telecom Solutions Inc., a systems integration company for the telecommunications industry. The goal is to provide end-to-end information management systems and services to businesses and to other telecoms. Bell Sygma will also support initiatives of BCE Telecom International Inc. Bell Canada has transferred its data centres and the 2,800 employees of its Operations Development service to the new companies, following interim CRTC approval.

Productivity and efficiency
Productivity comparisons across countries indicate that Bell Canada is one of the best, with growth superior to that achieved in the U.S., Japan and the U.K.

Benchmarking studies that compare the company's cost structure with that of U.S. local phone companies and long distance carriers

show that, after adjusting for population density, Bell Canada's operating expense per line for local service is lower than the best performing U.S. Bell operating company. For long distance service, total operating expense per switched minute was virtually on a par with MCI, and much lower than AT&T.

Employee development
Bell Canada has a long-established policy of employee education and training. The Bell Institute for Professional Development offers many courses and programs, as well as consulting services to help employees select appropriate courses. Under the education assistance program, employees are reimbursed tuition for successfully completed courses at outside institutions.

Work force reduction
Bell Canada is seeking to balance the size of its work force with changing business requirements and to bring its operating expenditures in line with revenues. In 1992, Bell Canada introduced a series of measures including special leaves of absence for education and personal reasons, and voluntary termination incentive plans. The number of equivalent full time employees decreased by 2.5 per cent in 1992 compared with 1991.

BCE Mobile
Mobile services, including cellular, paging, radio, mobile data and air-to-ground communication, are provided by BCE Mobile Communications Inc., of which BCE owns 65.5 per cent, the rest being publicly held. In addition, all BCE's telecom subsidiaries and affiliates outside Quebec and Ontario provide cellular services in their operating territories.

In 1992, BCE Mobile reported a consolidated net loss of $4 million, compared with a net loss of $18 million in 1991. The decline in the annual loss results from higher revenues, containment of operating expenses and lower financial costs.

Cellular service contributed $337 million to BCE Mobile revenues, an increase of 17 per cent over the $288 million contributed in 1991. Other operations contributed $112 million to revenues, compared with $91 million in 1991.

Cellular service
The coverage area of Bell Mobility Cellular Inc., a wholly owned subsidiary of BCE Mobile, includes one of the longest cellular corridors in the world, stretching 1,800 kilometers from the Quebec/New Brunswick border to Windsor, Ontario, including Montreal and Toronto. In addition, Bell Mobility Cellular provides roaming access to more than 400 cities across North America.

Subscriber growth remains at high levels despite the recession. Bell Mobility Cellular had more than 329,000 subscribers at year-end, an increase of 25 per cent over year-end 1991, and handles more than two million calls on an average business day.

At the Bell Institute for Professional Development, Yves Desgroseilliers shows repairmen Pat McConkey and Richard Dorais how to splice fiber optic strands the width of human hair.

Capital spending in 1992 was largely to increase network capacity and to make network modifications to support portable cellular phones, which have less power than in-car phones. Portable phones now represent most new sales.

During the year, Bell Mobility Cellular agreed to purchase $83 million of digital radios and network control equipment from MOTOROLA NORTEL Communications Co. The equipment will be installed during 1993 at more than 400 cell sites, as the last step before full digital capacity. Digital technology is currently employed in all aspects of the cellular network, except in the radio transmission between cell sites and subscribers' telephones.

Trials for personal cordless service were conducted in settings like this supermarket. The employee calls the storeroom, while a forgetful shopper calls home.

Digital technology converts analog voice messages into more compressed and efficient binary signals, and is expected to triple the capacity of analog radio technology and lower the capital spending per new subscriber. It also provides greater call confidentiality, a growing concern.

Mobility Canada

BCE Mobile has joined 11 wireless affiliates or divisions of Canadian telecoms to form Mobility Canada. Its shareholders have a 55 per cent share of the Canadian cellular market.

Mobility Canada's objectives are to accelerate the introduction of new products and nationally branded services, and to facilitate joint research and business planning.

Paging

Bell Mobility Paging Inc., formerly National Pagette Ltd., is the largest paging company in Canada. The company faced strong competition in 1992, as price wars took a toll on profits. Paging will become increasingly important in the new personal communications environment as it can link with electronic mail and be integrated with personal cordless telephones. Modern pagers, which are lightweight and attractive, display messages or phone numbers, store messages, and have voice mail systems. Bell Mobility's paging system now permits message delivery all across Canada and in the U.S.

Private radio, data and air-to-ground

Bell Mobility Radio Inc.'s private radio systems are used by police, fire departments, ambulances and repair services to communicate with their field personnel. Trunked, or shared, private radio now provides a means to function in the increasingly crowded radio spectrum.

Bell-Ardis Inc. provides a national network for wireless data transmission, which permits sending information between office computers and remote terminals. Clients include IBM Canada Ltd., Otis Canada Inc. and Bell Canada.

Pagers now incorporate screens that display numbers or messages. Bell Mobility Paging relays messages across North America.

This cordless phone incorporates a pager, combining telephone and messaging services.

Skytel Communication Corporation's air-to-ground telephone service, installed on most of Air Canada's North American fleet, permits air passengers to telephone anywhere in the world from their seats.

Personal Cordless Service

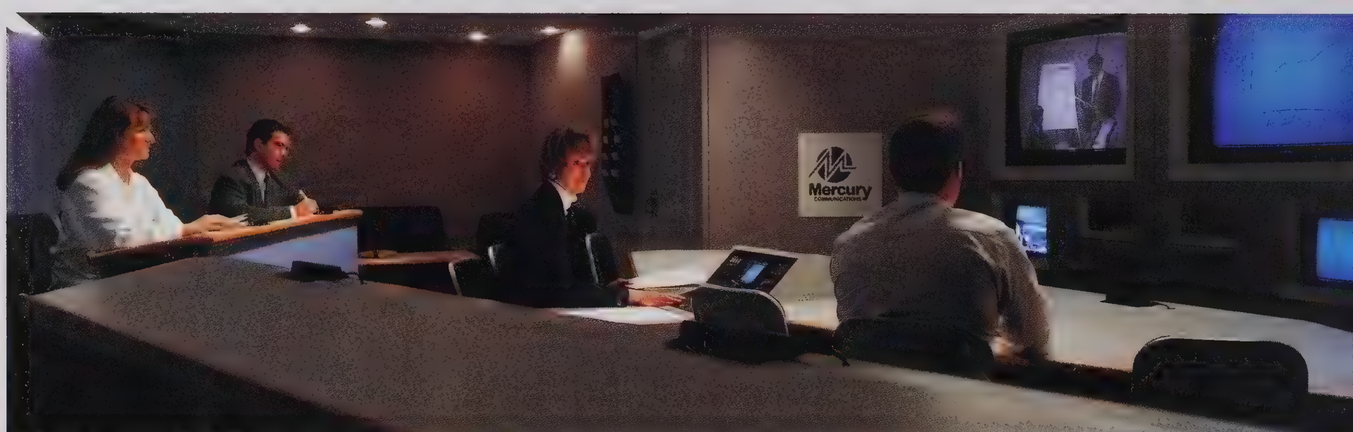
In late December, the Department of Communication awarded licences for public cordless telephone service to Mobility Canada and to three other companies. The standard to be used is the CT2Plus Class 2 digital cordless technology, a version of the CT2 CAI standard adopted worldwide.

In the home, the digital cordless handset will operate like today's analog cordless phones, but far more effectively. At the workplace, the handset will operate off base stations connected to PBX or Centrex systems. In public, the phone will operate off base stations on the street, in malls or in other public places, connecting to a public network to which users must subscribe.

The cordless handset will not replace the cellular system, but is complementary. Cordless telephones operate at one-sixtieth of the power of a portable cellular phone, so the cells are much smaller; cordless phones do not work in a fast-moving vehicle. The power level and technology, however, are ideal where user density is high, such as airports, shopping areas and hotels.

INTERNATIONAL

TELECOMMUNICATIONS



This Mercury videoconferencing suite

in central London permits

corporations to hold meetings with

colleagues many miles away,

with no cost for travel.

Mercurycard phonebooths are conveniently located at airports and in sites throughout Britain, including Trafalgar Square.

BCE Telecom International

Around the world, governments now recognize that modern telecommunications are vital to economic expansion. They are encouraging investment by international telecommunications companies in order to gain access to the best technology and operating expertise. In response to this growing trend, BCE established BCE Telecom International Inc. (BCETI) in 1990 to pursue strategic investment opportunities outside of Canada, where there are attractive financial returns and where BCE's resources and expertise can be usefully applied.

BCETI is responsible for BCE's investments in wireline, cable phone and wireless businesses in the United Kingdom, New Zealand, Australia, Mexico, and the United States. It also provides consulting services through Bell Canada International Inc. (BCI), which has completed projects in over 70 countries.

Cable and Wireless alliance

In November, BCE announced a major alliance with Cable and Wireless plc, one of the world's largest and most broadly based international telecommunications companies, headquartered in the U.K.

As part of the alliance, BCE acquired for £480 million a 20 per cent interest in Mercury Communications Limited, which has a licence to provide telecommunications services in the U.K., in direct competition with British Telecommunications plc. Cable and Wireless continues to hold 80 per cent of Mercury.

Mercury
COMMUNICATIONS

At the same time, Cable and Wireless invested £30 million for a fully diluted 20 per cent interest in BCETI Cable Limited, the holding company for BCE's interests in cable television and telecommunications franchises in the U.K. BCETI Cable's territory covers approximately 60 per cent of the homes in London.

This brought BCE's net outlay to £450 million. BCE financed the purchase with internally generated funds, notably the sale of several non-core assets.

BCE gains representation on Mercury's board of directors and on the audit and executive committees. Mercury's chief executive committee includes a senior executive from BCETI.

The investment enlarges BCE's earnings base and opens opportunities for further international investment in partnership with Cable and Wireless, especially in Europe. BCETI brings to Mercury access to the research facilities at Bell-Northern Research. Northern Telecom is already a supplier to Mercury. In addition, the Cable and Wireless investment in BCETI Cable furthers Mercury's strategy of linking its long distance network to local telephone services being developed by the cable companies. In 1992, some 90,000 of Mercury's 254,000 residential customers connected to the Mercury network through agreements with cable companies.

Mercurycards for phonebooths are produced in a wide variety of designs.

Cable and Wireless employs some 39,000 people in more than 50 countries including the U.S., the Caribbean, the U.K. and Hong Kong, where it has a majority share of Hong Kong Telecom. Among its many operations, Cable and Wireless has created a global network of advanced digital networks in individual countries around the world, linked by fiber optic submarine cables (Global Digital Highway).

Cable and Wireless' six-months results up to September 30 showed Mercury's operating profits rising to £94 million, up 36 per cent compared with the same period a year ago. Revenues grew 29 per cent, to £567 million.

CLEAR Communications, in which BCE is a partner, has built an all-digital network in New Zealand, connected by fiber optic cable and microwave radio.

Wireline investments

BCETI manages BCE's investments in wireline operations, including Mercury in the U.K. and CLEAR Communications Limited in New Zealand.

Mercury, first licenced in 1982, has concentrated on providing telecommunications services to medium and large business customers, and currently serves 96 of the top 100 U.K. companies. By revenue, Mercury has almost 10 per cent of the total U.K. telecommunications market. Over the past decade, Mercury has spent more than £1.9 billion to construct an all-digital network linked by fiber optic cable and covering over 80 per cent of the U.K. population, including Northern Ireland. In 1992, Mercury carried a daily average of 9.7 million calls, a 52 per cent increase over the same period in 1991.

In New Zealand, BCE has a 24.4 per cent interest in CLEAR Communications Limited, an alternative carrier to Telecom New Zealand. CLEAR has built an all-digital network connected by fiber optic cable and digital microwave radio, offering a full range of national and international services to both business and residential customers. At year-end, after only two years of operation, CLEAR served the 15 largest cities in New Zealand and had more than 110,000 customers, or some 16 per cent of the toll market.

CLEAR has installed Northern Telecom DMS switches and established direct international connections with several countries including Australia, the U.S., Japan, Hong Kong and the U.K. In addition, CLEAR has steadily increased the range of services offered, benefitting from its technologically advanced network.

Currently, 38 BCE employees are in New Zealand, providing specialized skills to help set up CLEAR.

▲ *This "head end" station routes transmissions on the Encom Cable TV & Telecommunications system, serving large parts of London.*

▶ *A joint venture in India will publish telephone directories in six cities.*

Cable investments

BCETI Cable, owned 80 per cent by BCETI and 20 per cent by Cable and Wireless, holds 30.7 per cent of Videotron Holdings Limited and a fully diluted interest of 83.7 per cent of Encom Cable TV & Telecommunications Limited. BCETI Cable purchased a majority interest in Encom early in 1992; the company's name has been changed from East London Telecommunications Limited.

In the U.K., cable franchises make provision for a variety of telecommunications services in addition to television. Working with BCETI specialists, Videotron and Encom are accelerating the marketing of telephone services via cable to residential and small and medium businesses. BCETI Cable's alliance with Mercury should increase penetration of this market.

Encom owns six contiguous cable telecommunications franchise areas in London. In addition to cable, Encom provides telephone and data service in the franchise areas, which cover some 630,000 homes and 42,000 businesses.

Videotron Holdings operates 12 cable and telecommunications franchises in Greater London and Southampton, potentially reaching 1.2 million households. Videotron has invested more than £175 million in development of its network and services.

Wireless investments

BCETI owns a 28.5 per cent interest in two cellular companies operating in Mexico, Sistemas Telefonicos Portatiles Celulares and Telecomunicaciones Del Golfo S.A. de C.V. Both companies have positive net earnings and are operating well ahead of budget due to rapid market growth and the expanding Mexican economy.

Telecom services

A continuing international best-seller is the Computerized Customer Services System (CASS) developed jointly by Bell Canada International (BCI) and Telekom Malaysia Berhad. The system provides comprehensive customer services for public telecommunications utilities, and can be adapted to requirements anywhere in the world. It is sold under a variety of acronyms.

In 1992, BCI and Sinobrit Information Systems, a Thai company specializing in technology transfer, won a $64 million contract to supply the system to TelecomAsia, a privately owned telecommunications company engaged in a major network expansion project in Bangkok, Thailand.

A system was also sold to Optus Communications Pty. Ltd., a consortium which has secured the second carrier licence in Australia. The sale was reached after Optus made a lengthy evaluation of similar systems, satisfying itself that the BCI product is the best.

DIRECTORIES

Tele-Direct companies provide directory service in Canada and abroad. These balloons over the Ottawa valley advertise the Yellow Pages.

Tele-Direct publishes Yellow Pages in several Middle East countries.

The BCE Directories group does business in Canada, the United States and overseas, generating net earnings of $92 million in 1992, equivalent to $0.30 per BCE common share.

Tele-Direct (Publications) Inc., a wholly owned subsidiary with revenues of $500 million in 1992, provides directory services (white and Yellow Pages) throughout Bell Canada's operating territory. Tele-Direct (Services) Inc. produced an additional $45 million of advertising revenues under contracts with 46 independent Canadian telecoms. The Canadian Yellow Pages market grew only two per cent in 1992, underscoring the softness of the economy.

Tele-Direct International Ltd. publishes directories through joint ventures in the United Arab Emirates, Bahrain, Oman, and Kuwait, where operations resumed in 1992. The new Egypt Yellow Pages Ltd. joint venture brought out directories in Cairo and Alexandria in 1992, with the Suez Canal directory to follow in 1993. Another joint venture, Hashemite Publishing Limited, will produce the Jordan Yellow Pages in 1993.

The two U.S. directory sales companies sold at year-end produced US $545 million of Yellow Pages advertising in 1992.

The Caribbean Publishing Company Ltd., acquired in 1992, publishes local telephone directories in 11 Caribbean countries as well as the Caribbean Yellow Pages.

A joint venture created in late 1992 in India, M&N Publications Inc., will publish telephone directories in six cities.

Printing operations

Headquartered in Montreal, BABN Technologies Inc. is the world's largest lottery ticket manufacturer, printing lottery tickets in Canada, the U.S. and, through a joint venture, Australia. BABN supplies tickets to provincial and state lottery organizations in some 20 countries.

In 1992, BABN signed new five-year contracts with Loto-Québec and the Ontario Lottery Corporation, valued at $30 million and $62 million, respectively.

In 1993, BABN will move into a new, highly efficient production facility in Montreal and will open a plant in Sault Ste Marie, Ontario, to provide finishing work for lottery tickets.

Yellow Pages directories are recycled in a variety of ways.

The Case-Hoyt Corporation of Rochester, New York, wholly owned by BCE, is a high-quality commercial printer. In 1992, Case-Hoyt moved into a new, consolidated plant, bringing considerable operating efficiencies.

TELECOMMUNICATIONS

EQUIPMENT

MANUFACTURING

Gina Wilkins of the University of New Brunswick uses VISIT multi-media technology that lets people miles apart see one another, talk and share information.

This N-16 regenerator is part of the 7,537-km CANTAT-3 fiber optic cable being built by STC Submarine Systems in Greenwich, England.

Northern Telecom's Companion wireless system was launched in Hong Kong.

Northern Telecom Limited is a global telecommunications research and manufacturing firm. It designs, manufactures and supplies advanced switching and transmission systems for public and private communications networks.

1992 net earnings of US $548 million on worldwide sales of US $8,409 million were achieved despite strong competition and a recession in major markets. The company has 58,000 employees, and manufacturing plants worldwide.

Northern Telecom's long-term strategy is growth through globalization, in the vanguard of the worldwide shift to advanced telecommunications technology. Its investment in research and development is substantial: US $931 million in 1992, or 11.1 per cent of revenues. Details of Northern Telecom's 1992 performance are provided below.

Switching business

The nerve centre of a telecommunications network is the switch, which adopts different forms for different functions.

Small businesses worldwide use the Meridian Norstar digital key system, which provides both basic and sophisticated functions.

Northern Telecom highlights	**1992**	1991
(US $ millions except per share amounts)		
Revenues	**8,409**	8,183
Net earnings	**548**	515
Contribution to BCE consolidated earnings	**Cdn $342**	Cdn $299
Contribution to BCE earnings per share	**Cdn $1.11**	Cdn $0.97
Total assets	**9,379**	9,534
R&D investment	**931**	948
Number of employees	**58,000**	57,100

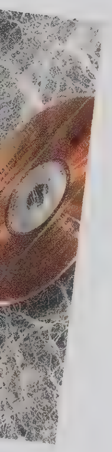
For bigger private networks, the Meridian 1 private branch exchange, or PBX, can provide communications for as few as 30 lines, ranging up to a large Meridian business system for 10,000 lines. With Integrated Services Digital Network (ISDN) technology, Meridian systems can be linked to computers and public switched networks to deliver voice, data and image across wide geographic areas.

Meridian systems are marketed in more than 80 countries, and more than 62,000 systems, supporting almost 18 million lines, are installed or on order worldwide. In 1992, the Meridian 1 system was introduced into Eastern Europe.

For public networks, Northern Telecom manufactures a range of digital switches, from the DMS-10 switch that routes calls for small rural communities, to the powerful DMS-300 gateway switch that can route international traffic for an entire country.

The global market for Northern Telecom's switches remains solid as telecoms continue to modernize local networks. Digital equipment is cheaper to install, maintain and operate than analog and permits telecoms to generate revenue through value-added services.

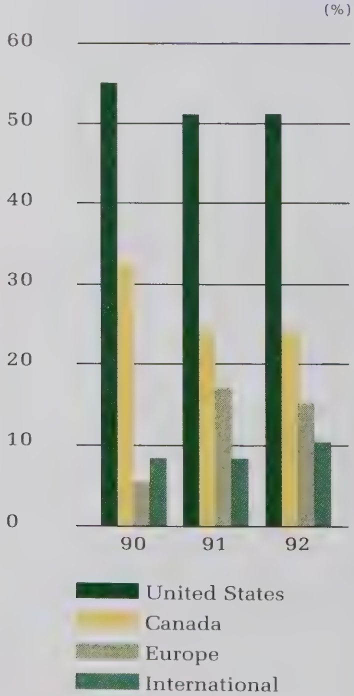
In 1992, Bell Canada placed its largest single order yet with Northern Telecom, worth $1.1 billion, to accelerate conversion of its local network to digital. In the United States, Pacific Bell announced it will install a DMS-based digital network in the Pacific north coast region, and also ordered FiberWorld S/DMS equipment as part of a project to revitalize the business core of Los Angeles. MCI Communications Corporation, the second-largest long distance carrier in the U.S., is upgrading its installed base of DMS-250 switches to permit greater capacity and advanced services.



The Helmsman intelligent document system uses compact discs to manage vast quantities of information.

Northern Telecom Source of revenues by location of customer

(%)



In Australia, Optus Communications Pty Ltd. ordered some 20 DMS switches to support its new national digital wireline network.

Data packet switching

Corporations, governments and other large customers require massive data transmission capacity, which Northern Telecom provides through its DPN (Data Packet Network) equipment. DPN-100 networks are on order or have been installed for more than 100 public and private customers worldwide. Among them:

- The Society for World Interbank Financial Telecommunications (SWIFT) system links 3,700 institutions in 83 countries, exchanging more than 1.5 million messages daily.

- Telefonica, the Spanish telecommunications operator, ordered a DPN-100 for its Advanced Business Services Network.

- In the People's Republic of China, Northern Telecom will supply the National Packet Switching Network, linking all provincial capitals and large cities.

DPN-100 can integrate frame relay technology and cut costs for users, linking local area computer networks (LANs) over the public switched system at very high speeds.

Transmission

Northern Telecom's FiberWorld products are transforming telecommunications transmission. More than 3,400 S/DMS TransportNode high-speed transmission systems have been shipped worldwide, opening the way for broadband service such as dial-up video-conferencing and personal communications services (PCS).

In Europe, trials are underway of the S/DMS TransportNode employing the European standard, synchronous digital hierarchy (SDH). In North America, the comparable standard is synchronous optical network (SONET). In 1992, MCI signed a US $250 million multi-year agreement to deploy S/DMS TransportNode systems.

STC Submarine Systems Inc., a division of Northern Telecom based in the United Kingdom, is a world leader in the design, manufacture and supply of underwater telecommunications systems. It won a US $370 million contract from an international consortium led by Teleglobe Canada Inc. to supply the first direct fiber optic transatlantic cable linking Canada with Europe. Called CANTAT-3, the link will be completed in 1994, and will carry voice, data, facsimile and video traffic operating on the SONET/SDH standards.

Wireless systems

Northern Telecom has made a major commitment to wireless technology, both cellular and the emerging PCS.

Northern Telecom has supplied more than 160 digital switching systems to cellular operators worldwide. Northern Telecom manufactures the DMS-MTX group of switches for North America as well as the DMS-MSC switch for Europe, which operates on the GSM (groupe spécial mobile) cellular standard. The S/DMS SuperNode version of this switch is the world's highest capacity cellular switching system.

The DMS-MTX switch operates in conjunction with the DualMode cellular radio unit which went into service in 1992. The DualMode operates in analog or digital mode on a call-by-call basis, extremely important during the transition from analog to digital cellular service over the next few years.

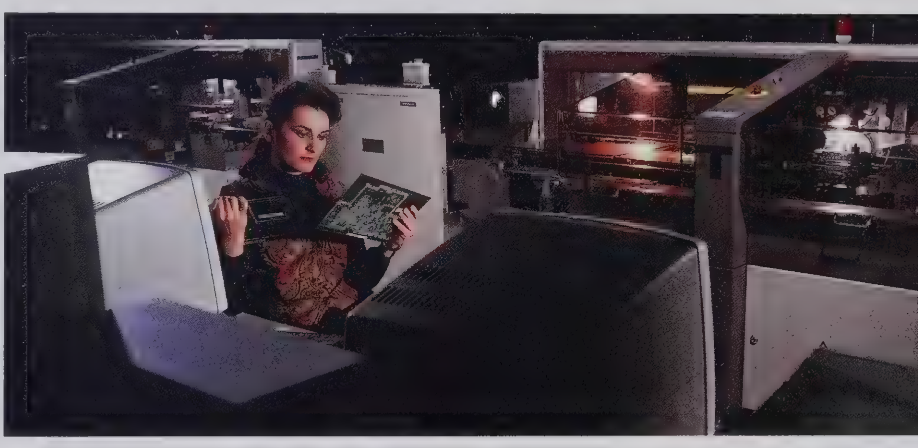
In the area of PCS, Northern Telecom introduced the Companion wireless communication system in Hong Kong in late 1992, the first phase of a worldwide roll-out planned for 1993. Companion is part of a new generation of low-power wireless technologies providing mobility inside buildings and other high-density areas. It is the first business wireless system based on the CT2 (cordless telephone2) CAI (common air interface) standard, widely accepted in Europe and Asia.

Calgary operations
To strengthen further its position in wireless systems, Northern Telecom acquired the assets of the cellular radio systems division of NovAtel from the government of Alberta, and announced it would establish a wireless development center of excellence in Calgary.

MOTOROLA NORTEL
In 1992, Northern Telecom and Motorola Inc. formed a joint venture to sell and service cellular telephone networks in the U.S., Canada, Latin America and the Caribbean. MOTOROLA NORTEL Communications Co. combines the recognized leadership of Motorola's cellular radio and Northern Telecom's digital switching technologies.

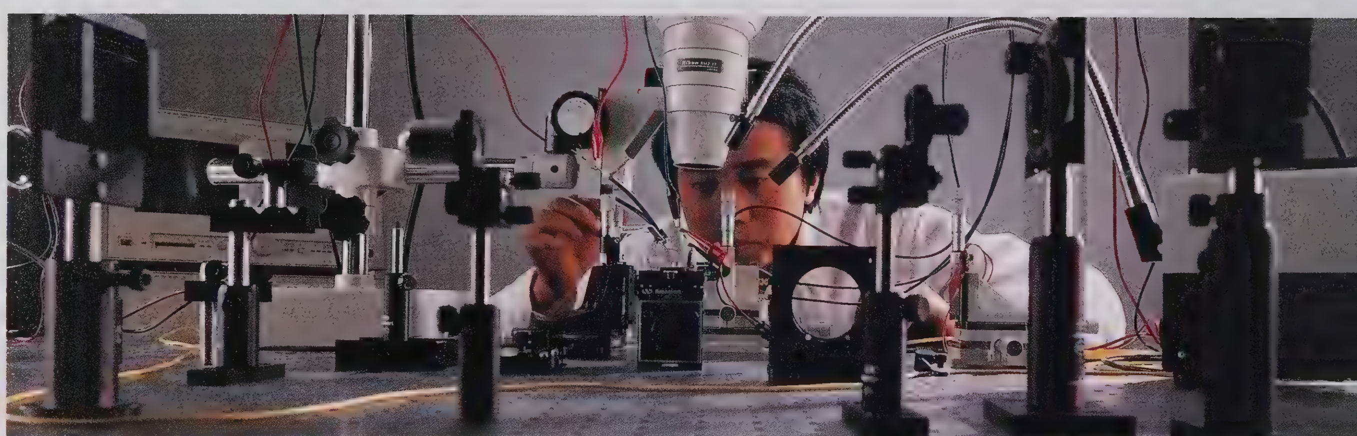
Shortly after its formation, the company won an $83 million contract to provide Bell Mobility Cellular, a subsidiary of BCE Mobile, with digital radio technology.

Matra alliance
Northern Telecom also forged an alliance with Matra Communication, a subsidiary of French defense and space conglomerate Matra SA. Matra Communication has a strong position in the European GSM-standard radio market and is a leading supplier of PBXs, telephone sets, and cellular mobile terminals and networks. The two companies will work together to market mobile telecommunications equipment, packet switching, transmission products and PBX systems.

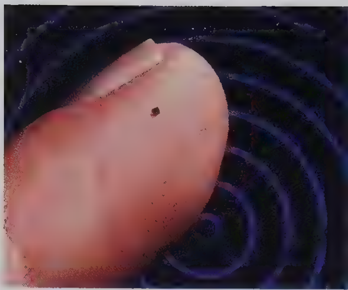


Lise Fenez, an engineer at Northern Telecom Wireless Systems' Calgary plant, examines a printed circuit board assembled by an automated production line.

RESEARCH AND DEVELOPMENT



Chun-Meng Wu of BNR's Advanced Technology Laboratory in Ottawa explores laser technology, research that led to advanced fiber optic transmission equipment.



This surface-emitting laser, smaller than a grain of salt, may permit huge cost savings in fiber deployment to the home.

The vitality of BCE's telecommunications businesses springs directly from a commitment to research and development. Total spending on R&D in 1992 amounted to $1,257 million, up from $1,218 million in 1991.

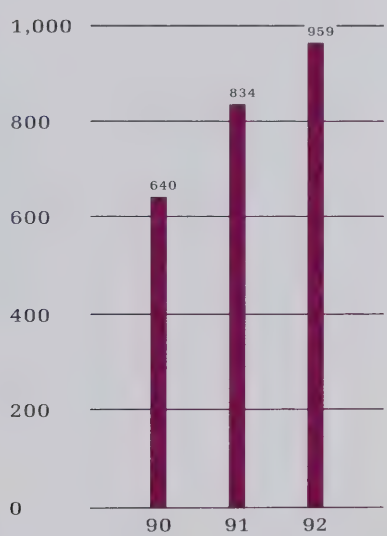
BCE's R&D laboratories direct their work towards specific, market-driven, customer-oriented product development, including devising highly efficient manufacturing and testing techniques, regarded as among the world's most reliable. This permits BCE companies to offer products and services ahead of competitors, at competitive prices.

Another key goal is open technology, so products are compatible with a wide range of competitors' products. In today's extensive network systems, closed or proprietary products can pose costly barriers to technological advancement.

Bell-Northern Research

Headquartered at Nepean, Ontario, adjacent to Ottawa, Bell-Northern Research is owned 70 per cent by Northern Telecom and 30 per cent by Bell Canada. BNR's worldwide R&D expenditures in 1992 totalled US $959 million. BNR employs some 8,500 people in Canada, the United States, the United Kingdom, Japan and Australia. During 1992, BNR expanded its laboratory space with major new facilities in Nepean, Ontario; Richardson, Texas; and Nuns' Island, Montreal.

BNR and Northern Telecom share new facilities in Richardson, Texas.



Bell-Northern Research Worldwide R&D expenditures
(US $ millions)

Wireless telephony

Use of cellular technology has shown strong worldwide demand for mobile, wireless communications. Today's cellular systems, designed for use in moving vehicles, employ relatively high-power mobile units and large cells, up to 15 km in radius. The new personal cordless systems use low-power portable units and much smaller cells, about 50 meters in radius. The lightweight cordless telephones will complement high-power cellular systems by providing high-quality, high-capacity communications at lower cost, for pedestrian use inside buildings and other high-density areas.

Cellular systems

In 1992, Northern Telecom introduced the industry's first dual-mode digital cellular radio, designed by BNR, capable of operating in analog or digital mode on a call-by-call basis. This is extremely important as cellular companies convert from analog to digital technology. The DualMode is the world's first application of the TDMA (time division multiple access) North American standard that permits compatibility between the new digital transmission and the older analog handsets now in use. This system was launched by AGT Cellular in Alberta, as part of its switchover to digital cellular service, and was part of the $83 million order placed with MOTOROLA NORTEL by Bell Mobility Cellular.

This Motorola executive pager is one element of wireless systems.

Northern Telecom also introduced a family of BNR-designed digital cellular products for networks based on the TDMA/GSM cellular standard. The GSM standard, widely adopted overseas, will permit, for the first time, uninterrupted cellular service from one European country to another.

PCS systems

Now, when a caller wants to contact someone, the task is to obtain the number of the telephone closest to that person. With PCS (personal communications services), each person will possess an individual telephone number or numbers, and the network will direct calls to that person, wherever the location, or to another person or service (e.g. voicemail), as directed. The personal cordless telephones described on pages 15 and 27, together with digital cellular, are part of the evolution of PCS.

The challenge is to build a cost-effective network intelligent and robust enough to track the changing locations of subscribers, and to route calls to them. Common Channel Signaling No. 7 (CCS-7), now widely deployed across Canada, and the advanced intelligent network being deployed, are major steps in this direction.

BNR and Northern Telecom are leaders in introducing PCS, based on established strengths in developing sophisticated networks that incorporate high-capacity digital switches, PBXs, radio communications systems and digital key systems.

BNR has developed a family of low-power wireless systems to meet the multinational CT2 (cordless telephone2) CAI (common air interface) standard. The CAI aspect ensures that equipment from different manufacturers is compatible, so the same handset can be used anywhere. The Northern Telecom Companion system recently introduced in Hong Kong operates on the CT2 CAI standard, and the licences recently accorded in Canada will use the CT2Plus Class 2 standard, a version of the CT2 CAI standard.

Personal communications will also require a high level of call management services (CMS), so people can control to whom, when and how they are available. BNR has conducted trials of CMS in conjunction with a personal phone number, in cooperation with Bell Canada and Bell Mobility Cellular.

Fiber optics

Northern Telecom has achieved a significant advance in fiber optic technology. FiberWorld products developed by BNR were commercially available in early 1992, as the S/DMS TransportNode transmission element was rolled out. The S/DMS AccessNode element, which permits capacity on demand, is scheduled for delivery in 1993.

Each fiber optic strand can currently carry up to 32,000 telephone conversations, compared with 48 for a simple copper wire. The digital messages are carried by pulses of light, produced by a laser and shot down the fiber strand. The optical fiber, made of pure glass, is free of the electromagnetic

interference that can perturb transmission over copper wire. The fiber optic bi-directional ring structure means that if there is a break or blockage in the transmission line, the signal can shoot around the other side of the ring in milliseconds, ensuring great reliability.

Although the fiber optic strands are far cheaper than copper, the optoelectronic transmitter modules that convert electrical signals to light pulses for transmission down the fibers are not, and millions are needed for an end-to-end network. However, BNR has produced the world's first "circular-grating surface emitting laser" that could offer a significant reduction in the manufacturing cost of optoelectronic modules. Such breakthroughs will help make fiber cabling to homes affordable.

In another breakthrough, BNR has developed a means to transmit data over copper wire at speeds and bandwidth more compatible with fiber optics. The Integrated Building Distribution Network (IBDN) permits installation of an unshielded twisted-pair copper wire network capable of 110 megabit per second data rates. Installing present fiber technology inside buildings is much more expensive than copper, so eliminating the need for fiber from hub to desktop is a big advance.

Northern Telecom's acquisition of STC PLC (now STC Limited) of the U.K. in 1991 brought the company into the leading edge of fiber optic submarine transmission. When the CANTAT-3 project, led by Teleglobe Canada Inc., was announced this fall, STC Submarine Systems Inc. was the only supplier who could meet the extremely advanced specifications, including carrying video signals.

Stentor Resource Centre

The Stentor Resource Centre Inc., a cooperative effort of the nine Canadian telecoms forming the Stentor alliance, was launched in Ottawa on January 1, 1993, with the goal of consolidating R&D and national and international marketing activities. The Resource Centre will establish international alliances with other telecommunications organizations, such as the Stentor/MCI Communications Corporation alliance that will develop intelligent network services and technology platforms.

Judy Yu, a Grade 12 student, participates in BNR's cooperative education program. Dr. Carla Miner shows the importance of purity in a photonic device.

FINANCIAL SERVICES

Montreal Trust is Canada's largest transfer agent, providing primary contact with shareholders for companies such as Royal Bank of Canada, whose investor relations manager, Jaime Harper, works closely with Alfred Gareau of Montreal Trust.

Montreal Trust provides personal financial services to clients across Canada, including Vancouver's Chinatown.

Montreal Trust is the transfer agent for BCE's registered shareholders.

MONTREAL TRUST

Montreal Trustco Inc.
Montreal Trustco offers financial and trust services to individuals, businesses and other organizations, and is a leader in services to corporations. Total assets administered at year-end were $71.4 billion, compared with $63.9 billion in 1991. Total corporate assets were $12.2 billion, compared with $12.6 billion in 1991.

Like most financial institutions, Montreal Trustco faced a difficult year. The high level of non-accrual loans continued to affect revenues. In addition, provisions for loan losses increased $145 million over last year to $178 million, reflecting the impact of the unusually long and severe economic recession. The largest part of this was attributable to a US $50 million loan made to Olympia & York. At year-end, the allowance for loan losses was $240 million, compared to $87 million last year. This resulted in a net loss for the year of $79 million, compared with net earnings of $42 million last year. Revenues were $1.3 billion, compared with $1.5 billion last year.

Shareholders' equity increased to $631 million, compared with $598 million a year ago, due in part to a $125 million common equity injection from BCE in 1992. In 1991, BCE injected $50 million in common equity.

- **Personal financial services** include savings and chequing accounts, personal loans, RRSPs, mutual funds, residential mortgages and personal trusts. Retail deposits and investment certificates remained stable at $8.5 billion in 1992. The residential mortgage portfolio was $4.1 billion at year-end, representing some 34 per cent of assets.

- **Financial operations** include income property and corporate and government lending, representing some 28 per cent of assets, as well as treasury operations. At year-end the portfolio was $3.4 billion. Wellington Capital, a separate division, also offers loans in the commercial, industrial and multiple residence market.

- **Corporate services** offers corporate trust, stock transfer, and pension and investment fund services to corporations across the country. It accounts for some 60 per cent of Montreal Trust fee income, and has 65 per cent of the Canadian market for stock transfer and corporate trust services.

- **RoyNat Inc.** is Canada's largest private term lender for small and medium-sized businesses, administering assets of $1.9 billion at year-end.

- **Investment management services** are offered through two affiliates, Montrusco Associates Inc. in Montreal and M.T. Associates Investment Counsel Inc. in Toronto, which manage $6.2 billion in assets, up 12.2 per cent.

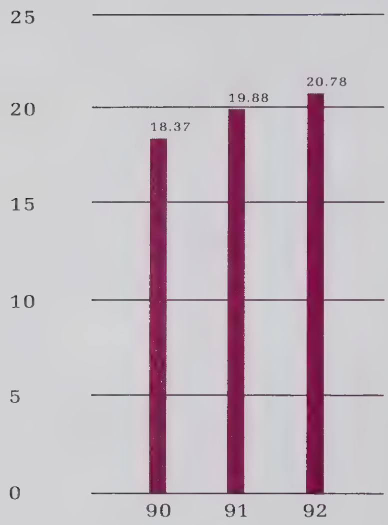
- **Real estate brokerage** operates in the greater Montreal area. Commission revenues were $25 million, marginally higher than last year.

Bimcor Inc.
Bimcor, BCE's pension fund management subsidiary, manages funds of $8.2 billion, including pension assets of BCE and many of its subsidiaries, including Bell Canada and Northern Telecom.

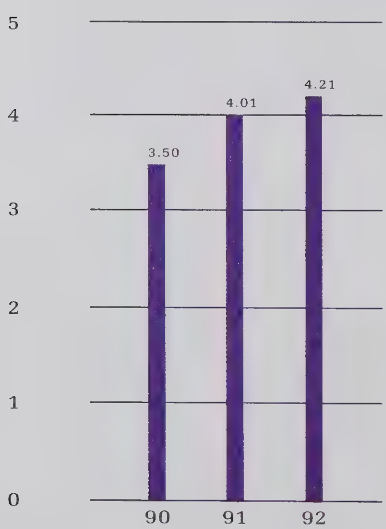
Teletech Financial Corporation
Teletech Financial Corporation, owned 30 per cent by Bell Canada and 30 per cent by BCE Mobile, provides financial services and support to corporations operating in the telecommunications industries. Assets at year-end were $77 million, up 22 per cent over $63 million last year.

FINANCIAL REVIEW

Total revenues
($ billions)



Earnings per common share
($)



HIGHLIGHTS

BCE's consolidated revenues totalled $20.8 billion in 1992, an increase of 4.5 per cent over 1991 revenues of $19.9 billion. Earnings per common share amounted to $4.21 in 1992, a five per cent increase over $4.01 the prior year.

The 1991 revenues grew 8.2 per cent over the $18.4 billion achieved in 1990, while 1991 earnings per share grew 14.6 per cent over the $3.50 reported in 1990.

In the following commentary, as well as the financial statements, BCE's operating results and other financial information are grouped between "telecommunications" and "corporate and other".

BCE is a telecommunications company whose core businesses are the provision of telecommunications services and the manufacture of telecommunications equipment. Its services are provided by a number of Canadian and international telecommunications and directories subsidiary and associated companies, including Bell Canada. Telecommunications equipment is developed, manufactured and distributed by Northern Telecom Limited (Northern Telecom).

Corporate and other results reflect BCE's interests in financial services (Montreal Trustco), TransCanada PipeLines Limited (TCPL) and a number of other investments.

TELECOMMUNICATIONS

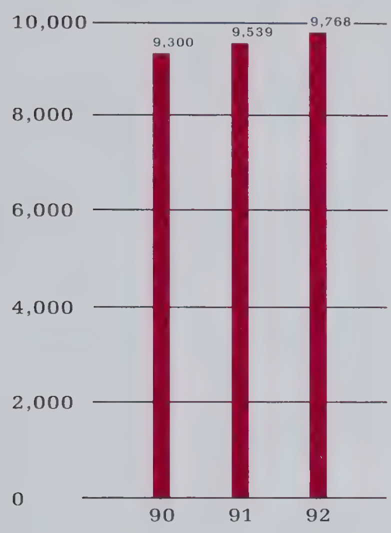
Telecommunications services
Revenues of Bell Canada and other BCE telecommunications services subsidiaries increased by 2.5 per cent ($222 million) to $9.16 billion in 1992. In 1991, revenues totalled $8.94 billion, a 1.5 per cent ($132 million) increase over 1990 revenues.

The increase in 1992 revenues resulted from a six per cent ($164 million) growth in local and access services revenues. In 1991, these revenues increased by 6.1 per cent ($158 million). The increases in both years were mainly due to the growth in number and value of network access services and to higher volumes of service options and features. The moderate growth in the number of network access services compared to previous years reflected the persistently weak economy.

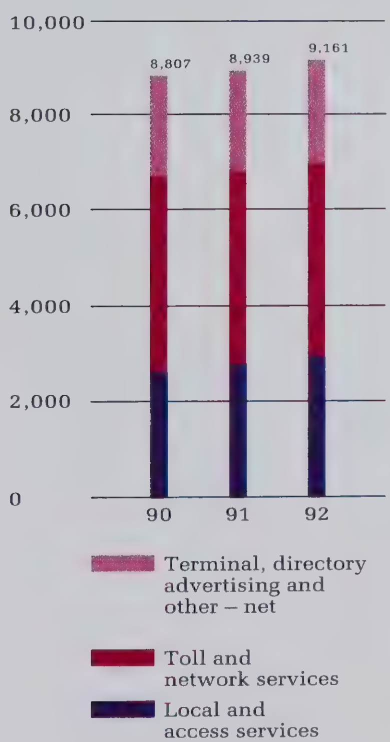
The telecommunications services group's largest source of revenues, toll and network services, decreased by 0.2 per cent ($8 million) in 1992 compared with 1991. This slight decrease was mainly due to weak economic conditions, increased revenue losses arising from resale and sharing of private line services by resellers, and the rate reductions implemented by Bell Canada in 1992 for WATS, Advantage and 800 Service. The 0.8 per cent ($34 million) decrease in 1991 from 1990 reflected the weak economic climate, the increasing revenue losses from resale and sharing of private line services and long distance rate reductions.

The number of message toll service (MTS) messages was flat in 1992 compared with 1991. However, a downward trend in MTS messages was indicated by the fact that MTS messages declined by 0.3 per cent and 2.1 per cent in the third and fourth quarters of 1992 from the comparable quarters in 1991. MTS messages increased 3.4 per cent in 1991 over 1990.

Network access services
(thousands)



Telecommunications services – revenues
($ millions)



Operating expenses of the telecommunications services subsidiaries increased by 1.7 per cent ($105 million) in 1992 compared with an increase of 0.5 per cent ($35 million) in 1991. The increase in 1992 over 1991 was mainly due to higher depreciation expense and salaries and wages, partially offset by the benefits of continuing productivity improvement actions by employees, including those of Bell Canada, and the net positive effect on expenses of a change in accounting for software, effective January 1, 1992.

The increase in operating expenses in 1991 was minor due to productivity gains and continued considerable emphasis placed on containing expenses, along with the effect of lower growth in demand for telecommunications services.

In 1992, depreciation expense increased due to higher average depreciable plant and equipment balances, the effect of the change in the capitalization policy for application software and the net impact of changes in average service life of equipment, partially offset by higher salvage for older analog switching equipment.

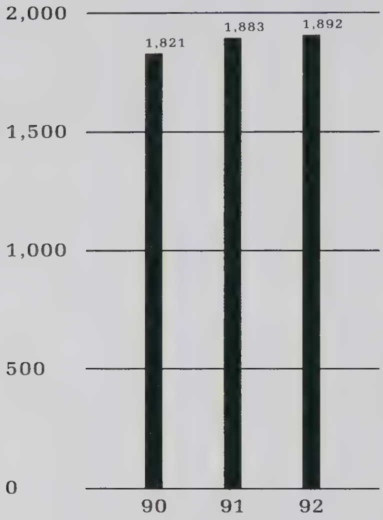
Salaries and wages increased in 1992 compared with 1991. The increase was mainly due to annual increases in remuneration which were partially offset by the effects of a voluntary work force reduction and temporary leaves accepted by approximately 2,300 employees at Bell Canada in 1992 and the full year impact of work force reduction during 1991.

In 1991, salaries and wages decreased slightly from those of 1990 due to inducement by Bell Canada in the first quarter of 1990 and second quarter of 1991 to employees to retire early, which resulted in reductions of the work force by about 1,300 and 1,600 employees, respectively. The decrease was partly offset by wage and salary increases.

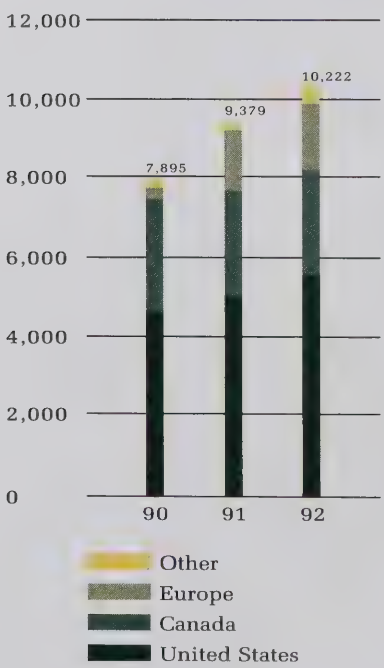
As the year 1992 ended, weak economic conditions continued to prevail in the territory served by BCE's Canadian telecommunications services companies. While Bell Canada expects that its local and access services revenues will increase in 1993, it expects that its toll and network services revenues will remain unchanged in 1993 due to modest growth in the economy, offset by increased activities of resellers and of other alternative telecommunications suppliers and, to some extent, the rate reductions for long distance services implemented in 1992. In particular, it is expected that the trend of declining MTS messages experienced in the third and fourth quarters of 1992 will continue and will result in an overall decrease in MTS messages in 1993 over 1992. Bell Canada estimates that, without rate relief, its regulated rate of return on average common equity (regulated ROE) will be 10.76 per cent in 1993 compared with 12.70 per cent in 1992.

In view of these factors, and in order to maintain its financial position while continuing to make large capital expenditures related to its network, Bell Canada filed with the Canadian Radio-television and Telecommunications Commission (CRTC) on February 5, 1993, an application for a general increase in local rates. In its application, Bell Canada requests

Message toll services
(millions)



NTL revenues by geographic area
($ millions)



interim rate increases to take effect on April 1, 1993 and additional increases to take effect from September 1, 1993. The requested increases in revenues would be approximately $210 million and $450 million in 1993 and 1994, respectively and would generate regulated ROE's of approximately 12.25 per cent in 1993 and 12.75 per cent in 1994. The hearing of Bell Canada's application is scheduled to commence on May 17, 1993.

Telecommunications equipment manufacturing
Northern Telecom's 1992 revenues were $10.2 billion, climbing 9.2 per cent from $9.34 billion in 1991, which was an improvement of 19 per cent over $7.85 billion in 1990. *(Although Northern Telecom reports its results in U.S. dollars, they are presented here in Canadian dollars, except where otherwise noted.)* The increase in 1992 revenues was attributable to volume growth which more than offset price reductions. The increase in 1991 revenues was due to the consolidation of STC PLC (STC) effective March 1, 1991, which contributed revenues in each of Northern Telecom's product lines and volume gains partially offset by price reductions.

Revenues (based on the location of the selling organization rather than the location of the customer) from Northern Telecom's United States operations were $5.47 billion (54 per cent of total revenues) up 10.1 per cent from $4.97 billion (53 per cent of total) in 1991, compared with $4.59 billion (58 per cent of total) in the preceding year. Revenue growth in 1992 resulted mainly from foreign exchange translation and higher sales to telecommunications operating companies and to other distributors, while the 1991 increase was due to higher sales to telecommunications operating companies and to interexchange carriers.

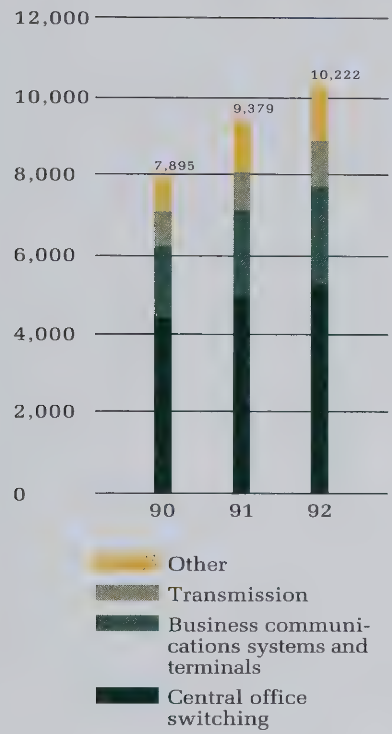
Canadian revenues in 1992 increased three per cent to $2.72 billion (27 per cent of total revenues) from $2.64 billion (28 per cent of total) in 1991 and decreased 6.7 per cent in 1991 from $2.83 billion (36 per cent of total) in 1990. Effective January 1, 1991, the Canadian Federal Sales Tax (FST), which prior to 1991 was included in revenues, was replaced by the Goods and Services Tax, which is not included in revenues. The decrease in 1991 revenues was primarily due to the elimination of Canadian FST and the weak Canadian economy.

European revenues were $1.67 billion (16 per cent of total) in 1992, up 8.4 per cent from the $1.54 billion (16 per cent of total) in 1991. European revenues increased 501.6 per cent from the $256 million (three per cent of total) achieved in 1990 following the acquisition of STC. Revenues from other international operations were $357 million (three per cent of total) in 1992, up 58.7 per cent from $225 million (three per cent of total) in 1991, which increased 2.3 per cent from $220 million (three per cent of total) in 1990.

Revenues increased in all product lines in 1992 and 1991.

Central office switching revenues were $5.16 billion, compared with 1991 revenues of $4.91 billion and $4.35 billion in 1990. The 1992 increase was mainly due to foreign exchange translation and the 1991 increase was due to higher

NTL revenues by product line
($ millions)



demand for Northern Telecom products in all markets.

Revenues from business communications systems and terminals increased to $2.56 billion in 1992, up 17.4 per cent over $2.18 billion in 1991 which was an increase of 17.8 per cent over $1.85 billion in 1990. The increase in 1992 was mainly due to higher demand for all major products in this category. The 1991 gains were attributable to increased shipments in international markets and in the United States, despite strong competition. 1991 revenues in Canada were down due to the elimination of FST and the weak economy.

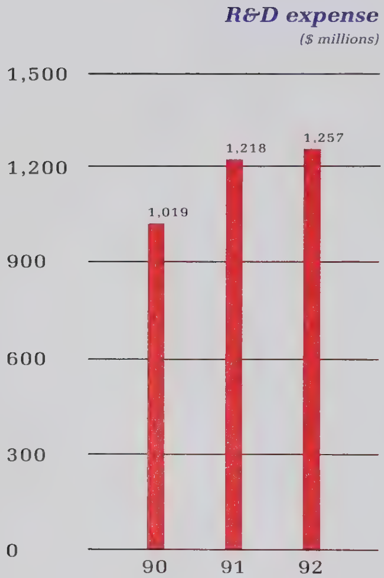
Transmission revenues were $1.08 billion in 1992, up 10.9 per cent over $974 million in 1991, which was an increase of 16.9 per cent over $833 million in 1990. The increase in 1992 was attributable to the impact of FiberWorld product shipments. Growth in 1991 was due to the increase in revenues from Europe, partially offset by a decline in revenues in North America resulting from the elimination of FST and anticipation of new products.

Revenues for Northern Telecom's other products, including cable and outside plant, totalled $1.42 billion in 1992, $1.31 billion in 1991 and $864 million in 1990. The increases in 1992 and 1991 were mainly due to the increased revenues from submarine cable systems.

Northern Telecom's gross margin was 40.5 per cent in 1992 compared with 42.0 per cent in 1991 and 40.0 per cent in 1990. The decrease in 1992 gross margin was due to lower gross margins from central office switching equipment and changing product mix, partially offset by higher margins in all other product lines. The 1991 increase in gross margin was due to higher gross margins on central office switching and business communications systems and terminals product lines, and to the favourable impact on margins of the elimination of FST from revenues and cost of revenues. These factors were partially offset by lower margins on the transmission and other product lines.

Selling, general and administrative (SG&A) expenses amounted to $1.88 billion (18.5 per cent of revenues) in 1992, and increased 3.3 per cent compared with $1.82 billion (19.5 per cent of revenues) in 1991. SG&A expenses were $1.46 billion (18.5 per cent of revenues) in 1990. The decrease in 1992 in SG&A as a percentage of revenues was the result of tight cost control programs. The increase in 1991 expenditures was due to consolidation of STC and planned growth in the worldwide sales and marketing organizations, while the increase as a percentage of revenues in 1991 was due to increased expenditures and the elimination of FST.

Northern Telecom's orders on hand at December 31, 1992, were up 19 per cent to US $3.58 billion compared with US $3.02 billion at year-end 1991 and US $2.13 billion at year-end 1990. The increased orders on hand in 1992 are due to increased orders for switching equipment in the United States. The increased orders on hand in 1991 were attributable principally to the consolidation of STC. Most of the 1992 orders are for delivery in 1993.



R&D expense

Consolidated research and development expenditures, including Northern Telecom's net R&D expense, totalled $1.26 billion in 1992. This compares with $1.22 billion in 1991 and $1.02 billion in 1990. The level of investment in all three years reflected programs for new products, process development and advanced capabilities and services for a broad array of existing products.

Other income – telecommunications

Other income amounted to $201 million in 1992 and $168 million in 1991, and $78 million in 1990. The 1992 total included $77 million of interest income ($52 million in 1991), $57 million (1991 – $62 million) in equity in net earnings of associated companies and $36 million (1991 – nil) in net gain on investments.

CORPORATE AND OTHER

Montreal Trustco revenues amounted to $1.31 billion in 1992, down 12.1 per cent from $1.49 billion in 1991. Revenues were $1.58 billion in 1990. The declines in both years were mainly the result of lower interest rates and a slightly lower level of average assets. Interest expenses also declined in those years, but Montreal Trustco incurred a 1992 operating loss of $152 million compared with operating profits of $39 million in 1991 and $63 million in 1990. The major reason for the decline in 1992 operating profit was the increase in expenses due to provisions for loan losses, amounting to $178 million in 1992 compared with $33 million in 1991 and $20 million in 1990.

The operating loss from the remaining corporate and other activities was $94 million in 1992, $35 million in 1991 and $47 million in 1990.

Other income (expense) – corporate and other

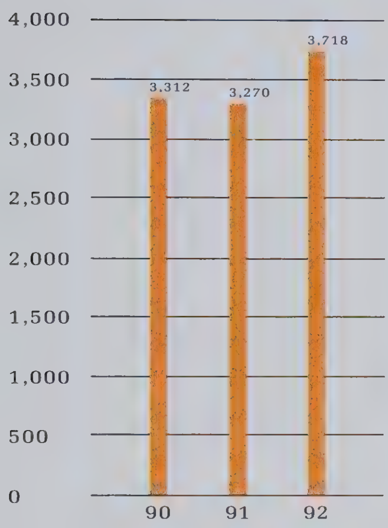
Other income (expense) amounted to $285 million in 1992, $142 million in 1991 and ($19 million) in 1990. During 1992, BCE's equity in net earnings of TCPL was $46 million, up from the $41 million reported in 1991 and down from the $66 million reported in 1990. In addition, BCE realized a net gain of $227 million on dispositions of investments in 1992, including gains of $138 million from TCPL in December, $76 million from U.S. printing businesses, and $36 million from BCE Mobile. In 1991, the net gain on investments was $70 million compared with $204 million in 1990.

In April 1990, Kinburn defaulted on loans from BCE and other creditors. BCE's loans were secured in part by common shares of SHL Systemhouse Inc. (SHL), a Kinburn subsidiary. BCE also owned other shares in SHL. In 1990, BCE wrote down the loans and the value of its SHL shares by $357 million.

LIQUIDITY AND CAPITAL RESOURCES

The principal requirements of BCE and its subsidiaries for funds are for capital expenditures, investments and refinancing existing debt. BCE's capital expenditures totalled $3.72 billion in 1992, $3.27 billion in 1991 and $3.31 billion in 1990. BCE's acquisitions and other investments amounted to $1.66 billion in

Capital expenditures
($ millions)



1992, of which $982 million was paid in January 1993 for the acquisition of a 20 per cent interest in Mercury Communications Limited (Mercury) in the United Kingdom; $1.88 billion in 1991, including $1.72 billion for the acquisition of STC, and $331 million in 1990. Major cash inflows were generated from operations and net increases in debt and used in part to pay dividends. Proceeds from sales of investments generated $624 million in 1992, $550 million in 1991 and $710 million in 1990.

Information on liquidity and capital resources for BCE Inc. and its principal subsidiaries follows.

BCE Inc.
During 1992, BCE Inc. raised $138 million of common equity by means of the Dividend Reinvestment Stock Purchase Plan and the Employees' Savings Plan and the exercise of options. BCE received a total of $518 million in 1992 as part of the exercise of 21,541,129 warrants by their expiry date on December 15, 1992, to purchase the same number of TCPL common shares from BCE and the subsequent sales of 8,000,000 TCPL common shares in the market. During 1992, BCE also issued in Canada $250 million of 8.5% Series 6 Notes, maturing in 1997, as well as $300 million of 9% Series 7 Notes, maturing in 1997, which was used to repay the same amount of 10% Series 3 Notes which matured in May 1992. Excluding the acquisition of Mercury, BCE invested during the year $697 million in its subsidiaries and associated companies, including $300 million in common shares of Bell Canada, $125 million in common shares of Montreal Trustco, $99 million in Alouette Telecommunications Inc., the parent company of Telesat Canada, $55 million in East London Telecommunications Limited (renamed Encom Cable TV & Telecommunications Limited), $36 million in Videotron Holdings Limited and $10 million in Teleglobe. In 1992, BCE purchased for cancellation its own common shares for an aggregate amount of $356 million pursuant to a normal course issuer bid which expired in December 1992. BCE's net short-term borrowings amounted to $591 million at December 31, 1992, compared with $519 million at December 31, 1991.

In January 1993, BCE issued in Canada $300 million of 8.95% Series 8 Notes, maturing 2002, and in the United Kingdom £125 million, equivalent to approximately $247 million, of 8⅜% Series 9 Notes, maturing 1998.

In 1993, BCE will monitor opportunities to refinance its net short-term borrowings and maturing long-term debt.

Bell Canada
At Bell Canada, capital expenditures significantly increased in 1992 and reached $2.69 billion, 15.5 per cent ($358 million) higher than the $2.33 billion in 1991. They were $2.34 billion in 1990. Capital expenditures, which are undertaken to fulfill Bell Canada's obligation to serve the needs of its customers, continued to be used in 1992 in the expansion and improvement of Bell Canada's telecommunications network, through investment in advanced digital, fibre optic and other technologies. In particular, switching equipment purchases increased in 1992 compared with 1991 as a result of the acceleration of Bell Canada's modernization program, with an objective of

digitizing virtually all local switches by the end of 1994.

In 1992, Bell Canada obtained funds from external sources through the issue of $575 million of debentures in Canada, $125 million of debentures in Europe, US $200 million of debentures in the United States and additional sales of accounts receivable for cash proceeds of $100 million. In addition, Bell Canada took advantage of lower interest rates by refinancing for periods of one to three years, prior to maturity, $213 million of its long-term debt with commercial paper and concurrently entered into interest rate swap agreements fixing the interest cost of such borrowings for similar periods.

Bell Canada expects that its 1993 capital expenditure program will decrease by approximately $500 million to a total of $2.2 billion. This decrease is primarily due to the reduction in funding of the switching equipment modernization program as a result of the advancement of $356 million of capital expenditures to 1992 and to capital investment containment.

Bell Canada's cash requirements in 1993 will be met by internally generated funds except for the repayment of long-term debt, of which $341 million matures during the year, and for a portion of capital expenditures. External funds requirements of some $1.1 billion will be met through the offering of debt in the market and the issue of additional common shares to BCE Inc.

Northern Telecom
Northern Telecom's capital expenditures were $692 million in 1992, compared with $590 million in 1991 and $515 million in 1990. In 1993, Northern Telecom expects capital spending to be approximately the same level as in 1992. Northern Telecom expects to meet its cash requirements from operations and by external financing.

As reported in note 8, Northern Telecom acquired in 1992 an initial 20 per cent direct holding in Matra Communication S.A. (Matra) for 700 million French francs ($165 million) and advanced 563 million French francs ($137 million) in a convertible debenture. In October 1992, Northern Telecom utilized a shelf registration program to issue $375 million of 6⅞% Notes due 2002. Of this amount, approximately $312 million was used to repay short-term borrowings. At December 31, 1992, Northern Telecom had US $500 million of debt securities registered with the U.S. Securities and Exchange Commission pursuant to a shelf registration program.

Montreal Trustco
Montreal Trustco regularly monitors its investments, mortgages and corporate and commercial loans to preserve a proper matching with its deposits, investment certificates and other liabilities. It also ensures its liquidity and other standards are met and that these measures exceed those established by regulatory authorities.

It addition to the normal maturity of demand deposit and investment certificates in 1993, Montreal Trustco will refinance $706 million of debentures and deposit notes mainly by the issuance of investment certificates.

CONSOLIDATED FINANCIAL STATEMENTS

Management's responsibility for financial statements

The accompanying consolidated financial statements of BCE Inc. and its subsidiaries (collectively BCE), and all information in this annual report are the responsibility of management and have been approved by the board of directors.

The financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles. The financial statements include some amounts that are based on best estimates and judgements. Financial information used elsewhere in the annual report is consistent with that in the financial statements.

Management of BCE, in furtherance of the integrity and objectivity of the financial statements, has developed and maintains a system of internal controls and supports an extensive program of internal audits. Management believes the internal controls provide assurance that financial records are reliable and form a proper basis for the preparation of financial statements and that BCE's assets are properly accounted for and safeguarded. The internal control process includes management's communication to employees of policies which govern ethical business conduct.

The board of directors carries out its responsibility for the financial statements in this annual report principally through its audit committee, consisting solely of outside directors. The audit committee reviews the corporation's annual consolidated financial statements and recommends their approval by the board of directors. The shareholders' auditors have free and independent access to the audit committee.

These financial statements have been audited by the shareholders' auditors, Deloitte & Touche, Chartered Accountants, and their report is presented below.

Douglas B. Gibson
Vice-President and Comptroller
February 11, 1993

Auditors' report

To the Shareholders of BCE Inc.

We have audited the consolidated balance sheets of BCE Inc. and its subsidiaries as at December 31, 1992 and 1991, and the consolidated statements of operations, retained earnings and changes in financial position for each of the three years in the period ended December 31, 1992. These consolidated financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform audits to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 1992 and 1991, and the results of its operations and the changes in its financial position for each of the three years in the period ended December 31, 1992, in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche
Chartered Accountants

Montreal, Quebec
February 11, 1993

CONSOLIDATED STATEMENT OF OPERATIONS

For the years ended December 31

	1992	1991	1990
	($ millions except per share amounts)		
Telecommunications (note 2)			
Revenues	**19,360**	18,282	16,658
Operating expenses	**14,631**	13,807	12,638
Research and development expense	**1,257**	1,218	1,019
Operating profit	**3,472**	3,257	3,001
Other income (note 3)	**201**	168	78
Operating earnings – telecommunications	**3,673**	3,425	3,079
Corporate and other (note 2)			
Revenues	**1,424**	1,602	1,715
Operating expenses	**1,670**	1,598	1,699
Operating profit (loss)	**(246)**	4	16
Other income (expense) (note 4)	**285**	142	(19)
Operating earnings – corporate and other	**39**	146	(3)
Total operating earnings	**3,712**	3,571	3,076
Interest expense – long-term debt	**895**	860	730
– other debt	**204**	206	222
Total interest expense	**1,099**	1,066	952
Earnings before income taxes and minority interest	**2,613**	2,505	2,124
Income taxes (note 5)	**804**	803	628
Minority interest	**419**	373	349
Net earnings	**1,390**	1,329	1,147
Dividends on preferred shares	**95**	94	85
Net earnings applicable to common shares	**1,295**	1,235	1,062
Earnings per common share	**4.21**	4.01	3.50
Dividends declared per common share	**2.61**	2.57	2.53
Average number of common shares outstanding (millions)	**307.6**	307.6	303.8

CONSOLIDATED BALANCE SHEET

At December 31

	Assets	1992 ($ millions)	1991
elecommunications	**Current assets**		
	Cash and short-term investments	**237**	300
	Accounts receivable (note 6)	**4,787**	3,903
	Inventories (note 7)	**1,259**	1,066
	Prepaid expenses	**274**	276
	Deferred income taxes	**196**	217
		6,753	5,762
	Investments		
	Associated and other telecommunications companies (note 8)	**2,255**	831
	Property, plant and equipment		
	At cost (note 9)	**33,428**	31,441
	Less: accumulated depreciation	**12,044**	11,446
		21,384	19,995
	Other assets		
	Long-term notes and other receivables (note 6)	**1,037**	1,269
	Deferred charges	**926**	735
	Goodwill	**2,375**	2,692
		4,338	4,696
	Total assets – telecommunications	**34,730**	31,284
Other	Financial services assets (note 10)	**12,631**	13,006
	Other corporate investments (note 11)	**951**	1,414
	Total assets – other	**13,582**	14,420
	Total assets	**48,312**	45,704

On behalf of the Board of Directors:

Marcel Bélanger
Director

Alastair H. Ross
Director

	Liabilities and shareholders' equity	1992 ($ millions)	1991
elecommunications	**Current liabilities**		
	Accounts payable	**5,198**	4,322
	Dividends payable	**218**	239
	Accrued income and other taxes	**214**	196
	Accrued interest	**238**	244
	Debt due within one year (note 12)	**2,832**	2,247
		8,700	7,248
	Other liabilities		
	Long-term debt (note 13)	**8,613**	7,971
	Deferred income taxes	**2,377**	2,297
	Other long-term liabilities	**683**	529
		11,673	10,797
	Total liabilities – telecommunications	**20,373**	18,045
Other	Financial services liabilities (note 10)	**11,556**	11,952
Minority interest	Preferred shares	**1,337**	1,446
	Common shares	**2,739**	2,302
		4,076	3,748
Preferred shares	Preferred shares (note 14)	**1,229**	1,232
Common shareholders' equity	Common shares (note 15)	**5,606**	5,614
	Common share purchase warrants (note 16)	**39**	39
	Contributed surplus (note 15)	**1,007**	1,034
	Retained earnings	**4,475**	4,165
	Foreign currency translation adjustment (note 17)	**(49)**	(125)
		11,078	10,727
Commitments and contingent liabilities (note 18)			
	Total liabilities and shareholders' equity	**48,312**	45,704

Douglas B. Gibson
Vice-President and Comptroller

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

For the years ended December 31

	($ millions)		
	1992	1991	1990
Balance at beginning of year	**4,165**	3,727	3,448
Net earnings	**1,390**	1,329	1,147
	5,555	5,056	4,595
Deduct:			
Dividends			
Preferred shares	**95**	94	85
Common shares	**801**	791	769
	896	885	854
BCE common shares purchased for cancellation (note 15)	**183**	–	–
Costs related to issuance and redemption of share capital of BCE Inc. and of subsidiaries	**1**	6	14
	1,080	891	868
Balance at end of year	**4,475**	4,165	3,727

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

For the years ended December 31

	($ millions)		
	1992	1991	1990
Cash and short-term investments were provided by (used for)			
Operations	**4,062**	4,402	3,463
Investments	**(3,943)**	(4,620)	(4,262)
Financing	**874**	1,360	1,896
Dividends declared	**(1,056)**	(1,043)	(1,011)
Net increase (decrease) in cash and short-term investments	**(63)**	99	86
Cash and short-term investments at beginning of year	**300**	201	115
Cash and short-term investments at end of year	**237**	300	201

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION (continued)

For the years ended December 31

		($ millions)	
	1992	1991	1990
Cash provided by (used for) operations			
Net earnings	**1,390**	1,329	1,147
Items not affecting cash			
Depreciation	**2,328**	2,219	2,018
Minority interest	**419**	373	349
Deferred income taxes	**2**	26	70
Equity in net earnings of associated companies in excess of dividends received	**(46)**	(5)	(49)
Other items	**(28)**	94	27
(Increase) decrease in non-cash working capital (note 19)	**(3)**	366	(99)
Net cash provided by operations	**4,062**	4,402	3,463
Cash provided by (used for) investments			
Capital expenditures	**(3,718)**	(3,270)	(3,312)
Investments – acquisition of Mercury Communications Limited (note 8)	**(982)**	–	–
– other telecommunications businesses	**(680)**	(1,879)	(331)
Sale of investments in telecommunications businesses	**–**	407	–
Long-term notes and other receivables	**283**	58	(29)
Financial services assets (note 10)	**438**	(192)	(1,332)
Sale of investments in TCPL and other (note 11)	**624**	143	710
Other items	**92**	113	32
Net cash used for investments	**(3,943)**	(4,620)	(4,262)
Cash provided by (used for) financing			
Addition to long-term debt	**2,231**	3,105	656
Reduction of long-term debt	**(1,711)**	(1,966)	(372)
Issue of preferred shares	**–**	–	371
Issue of common shares	**138**	207	131
Purchase of common shares for cancellation	**(356)**	–	–
Issues of preferred and common shares by subsidiaries to minority shareholders	**117**	310	236
Redemption of preferred shares by subsidiaries	**(106)**	(10)	(79)
Notes payable and bank advances	**691**	(285)	(358)
Financial services liabilities (note 10)	**(382)**	117	1,357
Other items	**252**	(118)	(46)
Net cash provided by financing	**874**	1,360	1,896
Dividends declared			
By BCE Inc.			
Preferred shares	**(95)**	(94)	(85)
Common shares	**(801)**	(791)	(769)
By subsidiaries to minority shareholders	**(160)**	(158)	(157)
Net cash used for dividends declared	**(1,056)**	(1,043)	(1,011)

1. Accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and all amounts are in Canadian dollars unless otherwise indicated. These statements conform in all material respects with International Accounting Standards. Certain previously reported figures have been reclassified to conform with the current presentation.

With respect to the financial statements of BCE Inc. (the Corporation) and its consolidated companies (collectively BCE), the important differences between Canadian and United States generally accepted accounting principles are described and reconciled in note 22.

BCE is Canada's largest telecommunications company. Its core businesses carried on through subsidiaries are the provision of telecommunications services and the manufacture of telecommunications equipment. In addition, the Corporation has interests in other businesses consisting of investments in financial services (Montreal Trustco Inc. – Montreal Trustco) and a number of other businesses. The assets and liabilities of the other businesses are separately presented in the consolidated balance sheets.

Consolidation

The financial statements of entities which are controlled by the Corporation, with the exception of BF Realty Holdings Limited (BF Realty) (see note 11(a)), are consolidated; associated companies, which the Corporation has the ability to significantly influence, generally representing 20 to 50 per cent ownership, are accounted for by using the equity method; investments in other entities are accounted for by using the cost method. Under the equity method, the Corporation's proportional share of the net earnings of such entities from the dates of their acquisition, net of amortization of goodwill, is taken into earnings and added to the cost of the investments. Dividends received from these entities reduce the carrying amounts of the investments.

Goodwill represents the excess of cost of investments over the fair value of the net assets acquired and is being amortized to earnings on a straight-line basis, the majority of which is over periods up to 40 years. Goodwill amortization amounted to $100 million in 1992 (1991 – $91 million, 1990 – $68 million).

Telecommunications equipment purchased by Bell Canada and the other telecommunications subsidiaries of the Corporation from Northern Telecom Limited and its subsidiaries (Northern Telecom) is reflected in BCE's consolidated balance sheets at the cost to the purchasing companies, and is included in revenues in the consolidated statement of operations. To the extent that any earnings related to these revenues have not been offset by depreciation or other operating expenses, they remain in consolidated net earnings and retained earnings. This practice is generally followed with respect to activities of regulated industries. All other significant intercompany transactions have been eliminated in the consolidated financial statements.

Depreciation

Depreciation is generally computed using the straight-line method, with rates based on the estimated useful lives of the assets.

Research and development

Research and development costs are charged to earnings in the periods in which they are incurred.

1. Accounting policies (continued)

Translation of foreign currencies
Foreign operations are classified as self-sustaining or integrated.

– Self-sustaining foreign operations
Self-sustaining operations, which comprise most of the Corporation's foreign subsidiaries, are those whose economic activities are largely independent of those of the parent company. Assets and liabilities denominated in a foreign currency are translated to Canadian dollars at exchange rates in effect at the balance sheet dates. Resulting unrealized gains or losses are accumulated in and reported as foreign exchange adjustment in shareholders' equity. Revenues and expenses are translated at average exchange rates prevailing during the year.

– Integrated foreign operations and transactions denominated in foreign currencies
Current assets (excluding inventories and prepaid expenses), current liabilities and long-term monetary assets and liabilities are translated at the rates in effect at the balance sheet dates, whereas other assets and other liabilities are translated at rates prevailing at the respective transaction dates. Revenues and expenses are translated at average rates prevailing during the year, except for cost of inventory used, depreciation and amortization, which are translated at exchange rates prevailing when the related assets were manufactured or acquired. Currency gains and losses are reflected in net earnings of the year, except for unrealized foreign currency gains and losses on long-term monetary assets and liabilities, which are reported as a deferred charge and amortized over the remaining lives of the related items on a straight-line basis.

Postretirement benefits other than pensions
Postretirement benefits other than pensions, such as medical benefits and life insurance for retirees, are generally charged to earnings as incurred.

Allowance for funds used during construction
Regulatory authorities require telecommunications companies to provide for a return on capital invested in new plant while under construction, by including an allowance for funds used during construction as an item of earnings during the construction period, and also as an addition to the cost of plant constructed. Such earnings are not currently realized in cash but will be realized over the service life of the plant.

Income taxes
The Corporation and its subsidiaries other than those which are regulated carriers use the deferral method of accounting for income taxes. The regulated carriers use the liability method of accounting for income taxes, as described in the following paragraph. Under both the deferral and liability methods, the companies provide for income taxes based on accounting income for tax purposes included in the financial statements, regardless of when such income is subject to taxes under tax laws. The differences between taxes currently payable and taxes accrued are reported as deferred income taxes on the consolidated balance sheets.

In July 1989, the Canadian Radio-television and Telecommunications Commission (CRTC) directed federally regulated carriers (including Bell Canada) that their deferred income tax balances be adjusted to reflect the reduced combined statutory corporate income tax rate in effect on January 1, 1989, and that the resulting adjustment of $293 million (including $290 million applicable to Bell Canada) be amortized to earnings as a reduction to income tax expense over a five-year period commencing in October 1989. The unamortized tax adjustment remains in the balance sheet in deferred income taxes. Adjustments to deferred income taxes resulting from subsequent minor changes to income tax rates are taken into earnings in the year in which the changes occur. A longer amortization period will be considered by the CRTC if any subsequent adjustment to the deferred income taxes has a significant impact on the rates of return on equity of these companies.

Investment tax credits reduce the provision for income taxes in the same periods in which the related expenditures are charged to earnings, except for investment tax credits relating to capital expenditures, which reduce the related depreciation expense.

1. Accounting policies (continued)

Earnings per common share
Earnings per common share are based on the weighted average number of shares outstanding and are calculated after deducting dividends on preferred shares. The dilutive effect on earnings per share, after the assumed exercise of warrants and options, is insignificant.

Inventories
Inventories are valued at the lower of cost (calculated generally on a first-in, first-out basis) or net realizable value. The cost of finished goods and work-in-process inventories is comprised of material, labour and manufacturing overhead.

Leases
Leases are classified as capital or operating leases. When the corporation is the lessor, rental revenue from operating leases is recognized as service is provided to customers. For leases which qualify as sales-type leases, the sales revenue is recorded at the inception of the lease. When the corporation is the lessee, assets recorded under capital leases are amortized on a straight-line method, using rates based on the estimated useful life of the asset or based on the lease term as appropriate. Obligations recorded under the capital leases are reduced by rental payments net of imputed interest.

Financial services
– Investments
Debt securities and preferred shares with fixed maturity dates are stated at amortized cost plus accrued interest and dividends. Other securities are stated at cost. Amounts are reduced by an allowance, where appropriate, for long-term impairment in value.

– Loans
Mortgages and corporate and commercial loans are stated at cost, which includes amounts advanced and interest accrued less repayments and an allowance for loan losses. Interest is accrued as earned unless the loan is classified as non-accrual. Non-accrual loans are those on which a payment is contractually 90 days in arrears or earlier where there is reasonable doubt concerning ultimate collectibility of principal or interest. When a loan is classified as non-accrual, all previously accrued but uncollected interest is reversed against earnings. Interest subsequently received on non-accrual loans is either applied against principal or reported as earnings according to management's judgement as to the collectibility of principal.

– Allowance for loan losses
The allowance for loan losses consists of both specific and general provisions. Specific provisions are those identified with specific loans and which are necessary, in the opinion of management, to reflect the estimated realizable value of the particular loan. General provisions are those, in addition to specific provisions, which cannot be identified with specific loans but which management believes are prudent to recognize in light of general economic factors and geographic and industry exposures.

– Assets under administration
Assets under administration by Montreal Trustco include estates and personal trusts, pension fund assets and other amounts held or managed on behalf of others. Such assets are separately maintained and are not included in the consolidated balance sheet.

2. Industry segments information

BCE operates in the following business segments:

Telecommunications

1) Telecommunications services include the provision of voice, data, image, radio and television transmission, public exchange and private line telecommunications services and directory operations; and

2) Telecommunications equipment manufacturing consists of the research, design, development, manufacture, marketing, sale, installation, financing and service of central office switching equipment, business communications systems and terminals, transmission equipment, and other products and services, including cable and outside plant products.

Corporate and other

3) Financial services, which include the financial intermediary business of accepting deposits or other borrowings and investing in residential mortgages, commercial mortgages, corporate loans and other securities and fiduciary activities such as personal trust, corporate trust, stock transfer and pension plan administration, are carried out by Montreal Trustco.

4) Other operations reported in this note represent the results of other investments and general corporate expenses.

2. Industry segments information (continued)

Business segments

		($ millions)				
		Revenues	Operating expenses	Research and development expense	Other income (expense)	Operating earnings
Telecommunications						
Telecommunications services	**1992**	**9,161**	**6,616**	**127**	**77**	**2,495**
	1991	8,939	6,511	132	62	2,358
	1990	8,807	6,476	117	45	2,259
Telecommunications equipment manufacturing	**1992**	**10,199**(a)	**8,015**	**1,130**	**124**	**1,178**
	1991	9,343(a)	7,296	1,086	106	1,067
	1990	7,851(a)	6,162	902	33	820
Total – telecommunications	**1992**	**19,360**	**14,631**	**1,257**	**201**	**3,673**
	1991	18,282	13,807	1,218	168	3,425
	1990	16,658	12,638	1,019	78	3,079
Corporate and other						
Financial services	**1992**	**1,306**	**1,458**	**–**	**–**	**(152)**
	1991	1,491	1,452	–	–	39
	1990	1,577	1,514	–	–	63
Other	**1992**	**118**	**212**	**–**	**285**	**191**
	1991	111	146	–	142	107
	1990	138	185	–	(19)	(66)
Total – corporate and other	**1992**	**1,424**	**1,670**	**–**	**285**	**39**
	1991	1,602	1,598	–	142	146
	1990	1,715	1,699	–	(19)	(3)
Total	**1992**	**20,784**	**16,301**	**1,257**	**486**	**3,712**
	1991	19,884	15,405	1,218	310	3,571
	1990	18,373	14,337	1,019	59	3,076

(a) Telecommunications equipment manufacturing revenues comprise revenues from:

	($ millions)		
	1992	1991	1990
Bell Canada	**1,527**	1,356	1,477
Other telecommunications subsidiary and associated companies of BCE Inc.	**178**	198	266
Other customers	**8,494**	7,789	6,108
Total	**10,199**	9,343	7,851

Telecommunications equipment manufacturing revenues from Bell Canada and other telecommunications subsidiary and associated companies of BCE Inc. are not eliminated on consolidation. Telecommunications equipment manufacturing revenues of Northern Telecom from Bell Canada are at sale prices and terms as low as those offered to the most favoured customers of Northern Telecom for like materials and services under comparable conditions.

2. Industry segments information (continued)

Geographic segments (b)

($ millions)

		Revenues			Operating earnings before research and development expense	
		Total	Transfers between geographic areas	Customers		Identifiable assets
Canada	**1992**	**14,343**	**(1,132)**	**13,211**	**3,236**	**38,652**
	1991	13,942	(1,111)	12,831	3,109	38,154
	1990	13,865	(899)	12,966	2,798	36,640
U.S.A.	**1992**	**6,018**	**(487)**	**5,531**	**1,543**	**5,274**
	1991	5,637	(355)	5,282	1,411	4,706
	1990	5,168	(239)	4,929	1,296	3,933
Europe	**1992**	**1,704**	**(25)**	**1,679**	**155**	**6,170**
	1991	1,548	(5)	1,543	260	5,121
	1990	256	–	256	(7)	1,907
Other	**1992**	**516**	**(153)**	**363**	**35**	**599**
	1991	316	(88)	228	9	418
	1990	302	(80)	222	8	201
Eliminations	**1992**	**(1,797)**	**1,797**	**–**	**–**	**(2,383)**
	1991	(1,559)	1,559	–	–	(2,695)
	1990	(1,218)	1,218	–	–	(694)
Total	**1992**	**20,784**	**–**	**20,784**	**4,969**	**48,312**
	1991	19,884	–	19,884	4,789	45,704
	1990	18,373	–	18,373	4,095	41,987

(b) The point of origin (the location of the selling organization) of revenues and the location of the assets determine the geographic area.

2. Industry segments information (continued)

	1992	($ millions) 1991	1990
Earnings			
Operating earnings before research and development expense	**4,969**	4,789	4,095
Research and development expense	**1,257**	1,218	1,019
Operating earnings	**3,712**	3,571	3,076
Interest expense	**1,099**	1,066	952
Earnings before income taxes and minority interest	**2,613**	2,505	2,124
Assets			
Telecommunications			
Telecommunications services	**22,870**	20,190	19,421
Telecommunications equipment manufacturing	**11,895**	11,066	7,943
Net eliminations	**(35)**	28	60
	34,730	31,284	27,424
Corporate and other			
Financial services	**12,631**	13,006	12,835
Other	**1,299**	1,793	2,087
Net eliminations	**(348)**	(379)	(359)
	13,582	14,420	14,563
Total assets as at December 31	**48,312**	45,704	41,987
Capital expenditures			
Telecommunications			
Telecommunications services	**3,006**	2,656	2,763
Telecommunications equipment manufacturing	**692**	590	515
	3,698	3,246	3,278
Corporate and other			
Financial services	**3**	9	28
Other	**17**	15	6
	20	24	34
Total capital expenditures	**3,718**	3,270	3,312
Depreciation expense			
Telecommunications			
Telecommunications services	**1,804**	1,707	1,601
Telecommunications equipment manufacturing	**511**	499	399
	2,315	2,206	2,000
Corporate and other			
Financial services	**4**	4	7
Other	**9**	9	11
	13	13	18
Total depreciation expense	**2,328**	2,219	2,018

3. Other income – telecommunications

		($ millions)	
	1992	1991	1990
Equity in net earnings of associated companies	**57**	62	86
Net gain on investments	**36**	–	–
Interest income	**77**	52	20
Other	**31**	54	(28)
Total other income – telecommunications	**201**	168	78

4. Other income (expense) – corporate and other

		($ millions)	
	1992	1991	1990
Equity in net earnings of associated companies	**46**	41	69
Net gain on investments (a)	**227**	70	204
Provision (b)	**–**	–	(357)
Interest income and other	**12**	31	65
Total other income (expense) – corporate and other	**285**	142	(19)

(a) Includes gains on sales of investments in TransCanada PipeLines Limited (TCPL) amounting to $138 million in 1992 and $149 million in 1990, and gain of $76 million on the disposal of printing companies in 1992.

(b) The provision in 1990 relates to loans to Kinburn Corporation and common shares of SHL Systemhouse Inc. to reduce the carrying value of those investments to $63 million.

5. Income taxes

A reconciliation of the statutory income tax rate to the effective income tax rate follows:

	1992	1991	1990
Statutory income tax rate in Canada	**41.7%**	41.2%	41.2%
(i) Tax incentives on research and development expenditures	**(4.7)**	(4.8)	(4.6)
(ii) Amortization of deferred tax adjustment	**(2.3)**	(2.3)	(2.7)
(iii) Difference between Canadian statutory rates and those applicable to foreign subsidiaries	**(2.2)**	(2.1)	(1.5)
(iv) Equity in net earnings of associated companies	**(1.6)**	(1.7)	(3.0)
(v) Other	**(0.1)**	1.7	0.2
Effective income tax rate	**30.8%**	32.0%	29.6%

5. Income taxes (continued)

Details of income taxes:

	($ millions)		
	1992	1991	1990
Earnings before income taxes and minority interest			
Canadian	**1,846**	1,857	1,611
Other	**767**	648	513
Total earnings before income taxes and minority interest	**2,613**	2,505	2,124
Income taxes			
Canadian	**540**	605	460
Other	**264**	198	168
Total income taxes	**804**	803	628
Income taxes			
Current	**802**	777	558
Deferred	**2**	26	70
Total income taxes	**804**	803	628

Deferred income taxes result from deductions for tax purposes, principally in respect of plant and equipment, in excess of amounts currently charged to operations.

Deferred income taxes on the consolidated balance sheet includes the unamortized deferred tax adjustment in the amount of $103 million (1991 – $161 million) (see note 1).

6. Accounts receivable

At December 31, 1992, accounts receivable included $139 million (1991 – $84 million) from related parties. Provision for uncollectibles was $73 million (1991 – $99 million) for current accounts receivable and $47 million (1991 – $23 million) for long-term notes and other receivables.

7. Inventories

	($ millions)	
	December 31, 1992	December 31, 1991
Raw materials	**367**	308
Work-in-process	**382**	344
Finished goods	**510**	414
Total inventories	**1,259**	1,066

8. Investments in associated and other telecommunications companies

	($ millions) December 31, 1992	December 31, 1991
Associated		
Telecommunications services		
Mercury Communications Limited (a)	**982**	–
Maritime Telegraph and Telephone Company, Limited (MT&T) and Bruncor Inc. (b)	**282**	239
Teleglobe Inc. (c)	**197**	187
Telesat Canada (d)	**145**	59
Videotron Corporation Limited (a U.K. company)	**97**	69
Other	**47**	39
Telecommunications equipment manufacturing		
Matra Communication S.A. (e)	**302**	–
ICL PLC	**147**	168
Other	**44**	45
Other investments, at cost	**12**	25
Total investments in telecommunications companies	**2,255**	831

(a) **Mercury Communications Limited**
In December 1992, BCE entered into an alliance with Cable and Wireless plc, an international corporation based in the United Kingdom. As part of this alliance, BCE acquired for a total of $982 million a 20% interest in Mercury Communications Limited, which is the second-largest provider of telecommunications services in the United Kingdom and which was a wholly owned subsidiary of Cable and Wireless. At the same time, Cable and Wireless invested £30 million (approximately Cdn $60 million) in new equity and convertible securities for a fully diluted 20% interest in the holding company for BCE's telecommunications interests in the United Kingdom.

(b) **MT&T and Bruncor Inc.**
At December 31, 1992, BCE owned 36.9% of the common shares of Bruncor Inc. and 9,615,338 common shares (34.3%) of MT&T. A Nova Scotia statute provides that no more than 1,000 shares of MT&T may be voted by any one shareholder. At December 31, 1991, BCE owned 32.0% of the common shares of Bruncor Inc. and 9,380,190 common shares (33.6%) of MT&T.

(c) **Teleglobe Inc.**
At December 31, 1992, the investment in Teleglobe Inc., the parent corporation of Teleglobe Canada Inc., represented an interest of approximately 22.8% (1991 – 22.2%) on a fully diluted basis.

(d) **Telesat Canada**
In April 1992, a consortium of BCE, other Canadian telecommunications companies and Spar Aerospace Limited, acquired the federal government's 49.3% interest in Telesat Canada. At December 31, 1992, BCE owned 57.5% of Telesat Canada (1991 – 24.2%), with a voting interest of 25%.

(e) **Matra Communication S.A.**
On July 2, 1992, Northern Telecom and Matra S.A. (Matra), a French holding company with interests in a range of high technology and industrial activities, announced a strategic alliance involving Matra's subsidiary, Matra Communication S.A. (Matra Communication), a leading European supplier of telecommunications equipment based in France. Northern Telecom invested 700 million French francs ($165 million) to acquire an initial 20% direct holding in Matra Communication and 563 million French francs ($137 million) of a total of 665 million French francs in a debenture exchangeable into a further 16% to 24% of Matra Communication from 1995.

Based on the agreement, Northern Telecom's shareholding could increase to 50.1% in 1995 and 100% in 1997 for a total additional investment of 2.4 – 4 billion French francs (approximately $550 – $925 million) depending on the financial performance of Matra Communication.

9. Property, plant and equipment

	($ millions)			
	December 31, 1992		December 31, 1991	
	Cost	**Net of accumulated depreciation**	Cost	Net of accumulated depreciation
Telecommunications				
Buildings, plant and equipment	**32,368**	**20,324**	30,561	19,115
Plant under construction	**707**	**707**	536	536
Land	**199**	**199**	244	244
Material and supplies	**154**	**154**	100	100
Total property, plant and equipment	**33,428**	**21,384**	31,441	19,995

10. Financial services

(a) The following is a summary of the financial services net earnings applicable to BCE:

	($ millions)		
	1992	1991	1990
Investment and loan revenues	**1,126**	1,325	1,386
Interest expense	**963**	1,141	1,208
Net interest income	**163**	184	178
Provision for loan losses	**178**	33	20
Net interest after provision for loan losses	**(15)**	151	158
Fees and commissions revenues	**180**	166	191
Operating expenses	**(317)**	(278)	(286)
Earnings (loss) before income taxes	**(152)**	39	63
Income tax recovery	**73**	2	2
Net earnings (loss)	**(79)**	41	65
Preferred dividends	**(5)**	(7)	(9)
BCE goodwill amortization	**(12)**	(12)	(12)
Net earnings (loss) applicable to BCE	**(96)**	22	44

(b) Financial services assets comprise:

	($ millions)	
	December 31, 1992	December 31, 1991
Carrying value of Montreal Trustco assets	**12,187**	12,550
Goodwill on BCE Inc. investment	**444**	456
Financial services assets	**12,631**	13,006

10. Financial services (continued)

(c) The following is a summary of the financial services balance sheet:

	($ millions)	
	December 31, 1992	December 31, 1991
Assets		
Short-term securities	**1,167**	820
Loans receivable (e)	**9,370**	9,661
Bonds, stocks and other investments (f)	**1,243**	1,738
Other assets	**297**	233
Goodwill related to subsidiaries of Montreal Trustco	**110**	98
Total assets	**12,187**	12,550
Liabilities and shareholders' equity		
Demand deposits (g)	**1,184**	1,189
Investment certificates and borrowings (g)	**10,288**	10,711
Other liabilities	**84**	52
Total liabilities	**11,556**	11,952
Preferred shares	**100**	100
Common shareholder's equity	**531**	498
Total liabilities and shareholders' equity	**12,187**	12,550

(d) Details of cash changes relating to investments and financing follows:

		($ millions)	
	1992	1991	1990
Cash provided by (used for) investments			
Short-term securities	**(347)**	208	(92)
Loans receivable	**291**	(219)	(1,093)
Bonds and debentures	**317**	(361)	(127)
Stocks and other investments	**178**	116	91
Other	**(1)**	64	(111)
Total cash provided by (used for) investments	**438**	(192)	(1,332)
Cash provided by (used for) financing			
Demand deposits	**(5)**	118	30
Investment certificates and borrowings	**(423)**	56	1,296
Other	**46**	(57)	31
Total cash provided by (used for) financing	**(382)**	117	1,357

BCE Inc. increased its common share investment in Montreal Trustco by $125 million in 1992 (1991 – $50 million, 1990 – nil). Montreal Trustco paid dividends to BCE Inc. of $7 million in 1992 (1991 – $28 million, 1990 – $26 million).

10. Financial services (continued)

(e) Loans receivable and allowance for loan losses

	($ millions)			
	December 31, 1992		December 31, 1991	
	Amount	**Yield**	Amount	Yield
Corporate and commercial loans				
At variable rates	**1,342**	**8.99%**	1,571	9.00%
At fixed rates (principally due within five years)	**504**	**12.74%**	405	12.88%
	1,846		1,976	
Allowance for loan losses	**(139)**		(41)	
	1,707		1,935	
Mortgages				
At variable rates	**675**		524	
At fixed rates (all due within five years)	**7,089**		7,248	
	7,764		7,772	
Allowance for loan losses	**(101)**		(46)	
	7,663		7,726	
Total loans receivable	**9,370**		9,661	
Breakdown of mortgages is as follows:				
Residential	**4,061**	**9.90%**	4,186	11.00%
Commercial	**3,602**	**10.48%**	3,540	11.10%
	7,663		7,726	

	($ millions)	
	December 31, 1992	December 31, 1991
Allowance for loan losses		
Balance at beginning of year	**87**	76
Provision for loan losses during the period	**178**	33
Realized loan losses	**(25)**	(22)
Balance at end of year	**240**	87

10. Financial services (continued)

(f) Bonds, stocks and other investments

	December 31, 1992 ($ millions)		December 31, 1991	
	Cost	**Market**	Cost	Market
Bonds and debentures				
Corporate and government				
Fixed interest rates	**667**	**661**	1,035	1,035
Variable interest rates	**148**	**135**	97	91
	815	**796**	1,132	1,126
Stocks				
Preferred stocks				
Fixed dividend rates	**109**	**109**	256	264
Variable dividend rates	**214**	**146**	250	203
Common stocks	**39**	**36**	34	35
	362	**291**	540	502
Other investments	**66**		66	
Total bonds, stocks and other investments	**1,243**		1,738	

(g) Demand deposits, investment certificates and borrowings

	December 31, 1992 ($ millions)		December 31, 1991	
		Nominal rate		Nominal rate
Demand deposits	**1,184**	**4.88%**	1,189	4.97%
Investment certificates and borrowings	**10,288**	**8.62%**	10,711	9.57%
	11,472		11,900	

At December 31, 1992, the investment certificates and borrowings due in the years 1993 to 1997 were $5,943 million, $1,644 million, $1,035 million, $826 million and $623 million, respectively; and in 1998 and thereafter, $217 million.

In the ordinary course of managing its assets and liabilities, Montreal Trustco uses various financial instruments, which are not reflected in its balance sheet, to reduce or eliminate its exposure to foreign exchange or interest rate risks. Foreign currency risk is managed through foreign exchange contracts and cross currency swaps. Interest rate risk is managed through a variety of instruments, principally interest rate swaps which are used to convert fixed interest rates to floating rates and vice versa, and future rate agreements which are used to hedge against future changes in interest rates.

Income or expense associated with currency and interest rate swaps is accrued over the life of the agreements. Gains and losses on future rate agreements and foreign exchange contracts which are principally entered into for hedging purposes are deferred and recognized in earnings over the expected remaining life of the hedged items.

The nominal amount of the principal instruments entered into are:

	($ millions) **December 31, 1992**	December 31, 1991
– currency and interest rate swaps	**2,674**	3,107
– future rate agreements	**370**	290
– foreign exchange contracts	**416**	59

In order to meet the needs of its customers, Montreal Trustco has also made commitments to extend credit in the amount of $525 million at December 31, 1992 (1991 – $647 million).

11. Other corporate investments

The carrying values of other corporate investments follows:

	($ millions) December 31, 1992	December 31, 1991
BF Realty (a)	**501**	499
Encor Inc. – oil and gas exploration and development (b)	**342**	342
TransCanada PipeLines Limited – natural gas transportation (c)	**103**	447
Other	**5**	126
Total other corporate investments	**951**	1,414

(a) **BF Realty**
Effective December 31, 1989, BCE ceased carrying on commercial real estate operations and fully wrote off its common share investment in BF Realty. Therefore, BF Realty is not reflected as a subsidiary in BCE's financial statements and no further operating losses relating to the common shareholders of BF Realty are being reflected in the financial results of BCE.

In January of 1990, BCE Inc. entered into an agreement with Carena Developments Limited (Carena) to facilitate the implementation of a restructuring of BF Realty. The agreement as amended called for total funds to be provided by BCE Inc. and Carena of up to a principal amount of $350 million each. The full $350 million in principal was advanced by BCE Inc. as at December 31, 1992 ($349 million as at December 31, 1991). These advances, together with BCE's other direct and indirect investments in BF Realty and its principal subsidiary, Brookfield Development Corporation (Brookfield), amounted to $501 million as at December 31, 1992 (1991 – $499 million). BCE is not required to provide any further financial support to BF Realty and its subsidiaries. Pursuant to the agreement, Carena provides the ongoing management to BF Realty and its subsidiaries.

BF Realty has announced that the previously reported financial restructuring, which had been expected to take place by June 30, 1991, was now expected to take place before April 30, 1993. BCE Inc. and Carena have agreed to extend the maturity of their secured loans to Brookfield to April 30, 1993 and to apply such loans towards the purchase of equity securities of Brookfield at the time of the aforementioned financial restructuring. This agreement is subject to various conditions including Brookfield's project lenders and commercial banks supporting Brookfield during the deferral period and on BF Realty's creditors deferring the enforcement of their claims. Without these agreements, BCE Inc. and Carena will, subject to the rights of prior ranking creditors, be entitled to take such proceedings as they consider appropriate to protect their secured loans to Brookfield, which may include the commencement of realization or other enforcement proceedings.

BF Realty and its subsidiaries including Brookfield, as well as BCE Inc. and Carena, are currently defendants in a number of lawsuits in Canada and the United States by creditors of BF Realty or its affiliates. Although deferral agreement has not been reached with such creditors, discussions are continuing with certain of these creditors.

(b) **Encor Inc.**
At December 31, 1992 and 1991, the Corporation owned approximately 19% (29.7 million shares) of the common shares of Encor Inc. (Encor) and 100% of the redeemable convertible preferred shares of Encor convertible into 74.6 million common shares. Assuming conversion of preferred shares, BCE Inc. would own 38% of Encor on a fully diluted basis in 1992 (1991 – 37.4%).

(c) **TCPL**
At December 31, 1992, BCE Inc. held 7,958,471 common shares or 4.5% of TCPL compared with 37,499,600 common shares or 21.9% at December 31, 1991. The shares held at December 31, 1991 were subject to warrants exercisable at $17.50 per share until December 15, 1992. The reduction in the number of shares reflects the sale of 21,541,129 shares upon exercise of the same number of warrants by their expiry date for net proceeds of $377 million, and subsequent sales of 8,000,000 shares in the market for net proceeds of $141 million.

12. Debt due within one year

	($ millions) December 31, 1992	December 31, 1991
Bank advances	**75**	108
Notes payable	**2,067**	1,343
Long-term debt – current portion	**690**	796
Total debt due within one year	**2,832**	2,247

13. Long-term debt

		($ millions) Total outstanding December 31 1992	1991
BCE Inc.			
10% Notes due 1992		–	300
9⅝% Notes due 1993		**300**	300
10⅜% Notes due 1996		**250**	250
8.5% Notes due 1997		**250**	–
9% Notes due 1997		**300**	–
Other		**9**	–
Total – BCE Inc. (a)		**1,109**	850
Bell Canada			
Interest rates	Due dates		
First mortgage bonds (b)			
6.75% to 8.375%	1992	–	112
4.85% to 7⅞%	1994 to 2003	**353**	322
8% to 9⅞%	1993 to 2004	**285**	527
10% to 10½%	1994 to 1996	–	71
Debentures and notes (c)			
5⅛% to 7¾%	1993 to 2006	**382**	85
8¾% to 9⅞%	1996 to 2032	**1,654**	1,462
10% to 12.65%	1995 to 2041	**2,475**	2,350
13⅜% to 17.1%	1994 to 2010	**491**	468
Other		**90**	48
Total – Bell Canada		**5,730**	5,445
Northern Telecom Limited			
Interest rates	Due dates		
Debentures and notes			
7.9% to 11.5%	1992	–	326
8¼% to 11.5% (d)	1995 to 2001	**585**	652
6⅞% to 10.9% (e)	1993 to 2002	**1,024**	618
Other		**88**	83
Total – Northern Telecom Limited		**1,697**	1,679
Other subsidiaries (f)		**767**	793
Total long-term debt		**9,303**	8,767
Less: due within one year		**690**	796
Long-term debt		**8,613**	7,971

(a) On January 7, 1993, BCE Inc. issued in Canada $300 million of 8.95% Series 8 Notes, maturing April 1, 2002. Also, on January 11, 1993, BCE Inc. issued in the United Kingdom £125 million (equivalent to approximately Cdn $247 million) of 8⅜% Series 9 Notes, maturing January 30, 1998.

(b) The first mortgage bonds of Bell Canada, which include US $408 million maturing from 1994 to 2004, are secured by a first mortgage and a floating charge on Bell Canada. During 1992, certain first mortgage bonds were redeemed prior to maturity.

(c) Debentures and notes of Bell Canada include US $600 million maturing from 2006 to 2010. Also included are 100 million Swiss francs maturing in 1993 and 195 million New Zealand dollar notes maturing in 1994 which are both hedged by means of foreign exchange contracts as to principal amount and the related interest payments.

13. Long-term debt (continued)

(d) Represents pounds sterling debt or United States dollar debt that has been swapped to pounds sterling.

(e) Represents United States dollar debt.

(f) Excludes consolidated debt of Montreal Trustco, which is reported under financial services liabilities.

At December 31, 1992, the amounts of long-term debt payable by the Corporation and its subsidiaries in the years 1993 to 1997 were $690 million, $582 million, $456 million, $1,021 million and $824 million, respectively.

14. Preferred shares

Authorized

The articles of incorporation of the Corporation provide for an unlimited number of first preferred shares and second preferred shares. The articles authorize the Directors to issue such shares in one or more series and to fix the number of shares of each series, and the conditions attaching thereto, prior to their issue.

	December 31, 1992		December 31, 1991	
Outstanding	**Number of shares**	**Stated capital ($ millions)**	Number of shares	Stated capital ($ millions)
First Preferred Shares				
$2.05 shares, series H (a)	–	–	128,762	3
Series J shares (b)	**600**	**300**	600	300
$1.95 shares, series M (c)	**8,000,000**	**200**	8,000,000	200
Series N shares (d)	**700**	**350**	700	350
Series O shares (e)	**10,000,000**	**379**	10,000,000	379
Total outstanding (f)		**1,229**		1,232

(a) $2.05 shares
The $2.05 preferred shares were convertible on the basis of one preferred share for one common share to April 15, 1992. The 1,820 shares not converted on that date were redeemed on April 16, 1992 at a price of $20 per share.

(b) Series J shares
The Cumulative Redeemable First Preferred Shares, Series J were issued in March 1989, by way of private placement at $500,000 per share to yield 7.64%. The Series J preferred shareholders are entitled to cumulative annual dividends of $38,200 per share, payable quarterly, to September 30, 1994. After that date, the quarterly dividends will be determined by one of: direct negotiation between BCE Inc. and holders of the shares; bids solicited from investment dealers; or an auction procedure. These shares, which are non-voting except in certain circumstances where Series J preferred shareholders are entitled to 5,000 votes per share, are not redeemable prior to September 30, 1994. From that date, they will be redeemable, at the Corporation's option, at a price of $500,000 per share.

(c) $1.95 shares
The $1.95 Cumulative Redeemable Retractable First Preferred Shares, Series M were issued in April 1989, at $25 per share to yield 7.80%. The $1.95 preferred shareholders are entitled to cumulative annual dividends of $1.95 per share, payable quarterly. These shares, which are non-voting except in certain circumstances where $1.95 preferred shareholders are entitled to one vote per share, are redeemable at the holder's option on April 30, in each of the years 1995 and 1996, at $25 per share, and on or after April 30, 1995, at the Corporation's option, at $25 per share. BCE Inc. may elect, on or before March 16, 1995, to create a further series of preferred shares into which the $1.95 shares will be convertible on a share for share basis, at the option of the holder, on April 30, 1995.

(d) Series N shares
The Cumulative Redeemable First Preferred Shares, Series N were issued in October 1989, by way of private placement at $500,000 per share to yield 7.55%. The Series N preferred shareholders are entitled to cumulative annual dividends of $37,750 per share, payable quarterly, to November 30, 1994. After that date, the quarterly dividends will be determined by one of: direct negotiation between BCE Inc. and holders of the shares; bids solicited from investment dealers; or an auction procedure. These shares, which are non-voting except in certain circumstances where Series N preferred shareholders are entitled to 5,000 votes per share, are not redeemable prior to November 30, 1994. From that date, they will be redeemable, at the Corporation's option, at a price of $500,000 per share.

14. Preferred shares (continued)

(e) Series O shares

On April 26, 1990, BCE Inc. issued 10,000,000 Variable Rate Cumulative Redeemable Retractable and Convertible First Preferred Shares, Series O. The Series O preferred shareholders are entitled to receive quarterly cumulative dividends in an amount equal to the greater of the quarterly dividend declared on common shares of BCE Inc. and $0.65 per share. The Series O preferred shares, which are non-voting except in certain circumstances where the Series O preferred shareholders are entitled to one vote per share, are redeemable at the option of the holders on April 27, 1995, at a price of $41.75 per share. After April 28, 1995, Series O preferred shares will be redeemable, at the Corporation's option, at $41.75 per share. On April 28, 1995, holders of Series O preferred shares may acquire, for each Series O preferred share held, one common share of BCE Inc. by the combined effect of the tendering for conversion of one Series O preferred share and the exercise of one warrant together with a cash payment of $4.00 per warrant (see note 16 for a description of the warrants).

(f) As set forth in (c) and (e) above, the $1.95 and the Series O preferred shares which totalled $579 million are redeemable at the option of their holders on April 30, 1995 and 1996 and on April 27, 1995 respectively.

15. Common shares

Authorized: an unlimited number of common shares

	December 31, 1992		December 31, 1991	
	Number of shares	**Stated capital ($ millions)**	Number of shares	Stated capital ($ millions)
Outstanding	**305,346,543**	**5,606**	310,292,429	5,614

Changes in the number of common shares outstanding during the last three years:

	1992		1991		1990	
	Number of shares	**Stated capital ($ millions)**	Number of shares	Stated capital ($ millions)	Number of shares	Stated capital ($ millions)
Shares issued						
For cash						
Shareholder Dividend Reinvestment and Stock Purchase Plan	**2,299,856**	**105**	2,776,826	117	3,236,869	128
Employees' Savings Plan	**571,264**	**28**	1,864,218	83	–	–
Exercise of options	**56,052**	**2**	106,808	4	–	–
Conversion of preferred shares	**126,942**	**3**	132,641	3	122,885	3
Shares purchased for cancellation	**(8,000,000)**	**(146)**	–	–	–	–
	(4,945,886)	**(8)**	4,880,493	207	3,359,754	131

During the year ended December 31, 1992, the Corporation purchased on stock exchanges under a normal course issuer bid 8,000,000 of its common shares for an aggregate price of $356 million, of which $27 million was charged to contributed surplus, and $183 million was charged to retained earnings.

Stock options

Under the Long-Term Incentive (Stock Option) Program (1985) (the Plan), options may be granted to officers and other key employees of the Corporation and of its subsidiaries to purchase common shares of the Corporation at a subscription price of 100% of market value on the last trading day prior to the date of the grant. The options are exercisable during a period not to exceed ten years. The right to exercise options generally accrues over a period of four years of continuous employment. Options are not generally exercisable during the first twelve months after the date of the grant. Simultaneously with the grant of an option, the employee may also be granted the right to a special compensation payment (SCP) (payable, in accordance with the terms of the Plan, in cash or in shares of the Corporation). The amount of any SCP is equal to the increase in market value of the number of the Corporation shares covered by the SCP (which number may not exceed the number of shares covered by the option to which it is related) from the date of grant of the SCP to the date of exercise of the option to which the SCP is

15. Common shares (continued)

related. Shares covered by options granted with respect to any year may not exceed one-half of one per cent of the outstanding common shares of the Corporation at the end of the immediately preceding year.

At December 31, 1992, a total of 4,816,761 common shares remained authorized for issuance under the Plan.

Details of stock options are as follows:

	Number	Option price
1990		
Granted	156,925	\$35.6250 – \$43.2500
Outstanding, end of year	763,463	\$35.6250 – \$43.2500
Exercisable, end of year	442,257	\$36.8125 – \$43.2500
1991		
Granted	132,699	\$40.1250 – \$44.1250
Exercised	(106,808)	\$36.8125 – \$43.2500
Cancelled	(21,862)	\$35.6250 – \$43.2500
Outstanding, end of year	767,492	\$36.7500 – \$44.1250
Exercisable, end of year	486,132	\$36.7500 – \$43.2500
1992		
Granted	195,631	\$48.6875
Exercised	(56,052)	\$36.8125 – \$43.2500
Cancelled	(1,121)	\$40.1250
Outstanding, end of year	905,950	\$36.7500 – \$48.6875
Exercisable, end of year	539,247	\$36.7500 – \$48.6875

In addition, SCPs have been granted as follows: 156,925 in 1990, 70,652 in 1991 and 149,677 in 1992. At December 31, 1992, 803,223 SCPs covering the same number of shares as the options to which they are related are outstanding.

Additional common shares reserved at December 31, 1992 – 21,451,140:

1,886,622 shares for issuance under the Shareholder Dividend Reinvestment and Stock Purchase Plan.
9,564,518 shares for issuance under the Employees' Savings Plan.
10,000,000 shares for issuance upon exercise of warrants and/or conversion of Series O preferred shares.

16. Common share purchase warrants

On December 31, 1992, there were 10,000,000 Common Share Purchase Warrants outstanding. These warrants were issued concurrently with the Series O preferred shares on April 26, 1990, for \$38.5 million. The warrants will expire on April 28, 1995 and entitle their holders to subscribe for one BCE Inc. common share for each warrant for either \$45.75 in cash, or, on April 28, 1995, a cash payment of \$4.00 and the tendering for conversion of one Series O preferred share (see also note 14(e)).

17. Foreign currency translation adjustment

The analysis of the foreign currency translation adjustment included in the common shareholders' equity follows:

	($ millions)		
	1992	1991	1990
Balance at beginning of year	**(125)**	(117)	(210)
Translation adjustments for the year	**76**	(8)	93
Balance at end of year	**(49)**	(125)	(117)

18. Commitments

As lessee

At December 31, 1992, the future minimum lease payments under capital leases and operating leases with initial non-cancellable lease terms in excess of one year were:

	($ millions) Capital leases	Operating leases
1993	22	296
1994	24	224
1995	18	154
1996	15	114
1997	10	105
Thereafter	42	469
Total future minimum lease payments	131	1,362
Less: estimated executory costs	23	
Net minimum lease payments	108	
Less: imputed interest	37	
Present value of net minimum lease payments	**71**	

Rental expense applicable to operating leases for the year 1992 was $439 million (1991 – $382 million, 1990 – $322 million).

19. Changes in working capital

(Increase) decrease in non-cash working capital comprises

	($ millions) **1992**	1991	1990
(Increase) decrease in current assets:			
Accounts receivable	**(700)**	(11)	(331)
Inventories	**(193)**	(23)	57
Prepaid expenses and other	**23**	(63)	(10)
Increase (decrease) in current liabilities:			
Accounts payable	**876**	421	164
Dividends payable	**(21)**	22	2
Accrued income and other taxes	**18**	16	11
Accrued interest	**(6)**	4	8
(Increase) decrease in non-cash working capital	**(3)**	366	(99)

Bell Canada and Northern Telecom have programs to sell trade receivables on a revolving basis. At December 31, 1992, they had sold, with limited recourse, accounts receivable for cash proceeds of $735 million (1991 – $354 million, 1990 – $250 million).

20. Unused bank lines of credit

At December 31, 1992, unused bank lines of credit available to BCE, generally available at the prime bank rate of interest, amounted to approximately $3.6 billion.

21. Pensions

The Corporation and most of its subsidiary companies have non-contributory defined benefit plans which provide for pensions for substantially all their employees based on length of service and rates of pay. The policy is to fund pension costs through contributions based on various actuarial cost methods as permitted by pension regulatory bodies. Contributions reflect actuarial assumptions regarding salary projections and future service benefits. Plan assets are represented by common and preferred shares, bonds and debentures, cash and short-term investments, real estate and mortgages.

The following table sets forth the financial position of the pension plans and BCE's net pension asset:

	($ millions) December 31, 1992	December 31, 1991
Net assets available for plan benefits – at market value	**11,055**	10,937
Actuarial present value of plan benefits		
Accumulated plan benefits		
Vested	**6,823**	6,469
Non-vested	**820**	993
	7,643	7,462
Effect of salary projection	**1,932**	2,281
Projected plan benefits	**9,575**	9,743
Excess of plan assets at market value over projected plan benefits	**1,480**	1,194
Unrecognized net experience gains	**(1,523)**	(1,287)
Unrecognized net assets existing at January 1, 1987	**(130)**	(136)
Other unrecognized net plan benefits and amendments	**371**	474
Net pension asset reflected on the consolidated balance sheet	**198**	245
Deferred pension asset (included in deferred charges)	**448**	438
Deferred pension obligation (included in other long-term liabilities)	**(250)**	(193)
Net pension asset	**198**	245

21. Pensions
(continued)

Analysis of the pension expense:	**1992**	1991	1990
	($ millions)		
Service cost – benefits earned	**274**	285	260
Interest cost on projected plan benefits	**799**	803	619
Actual return on plan assets	**(614)**	(1,522)	58
Net amortization and deferrals	**(322)**	603	(775)
Pension expense	**137**	169	162

The provision for pension cost was calculated using a value of assets adjusted to market over periods ranging from 3 to 5 years, which amounted to $10,792 million at December 31, 1992 (1991 – $10,545 million, 1990 – $8,250 million). The weighted average discount rate used in determining the accumulated and accrued plan benefits, and the weighted average assumed long-term rate of return on plan assets, was 8.7% for 1992 (1991 – 8.8%, 1990 – 8.6%).

In addition to pension benefits, the Corporation and most of its subsidiary companies provide certain health care and life insurance benefits for retired employees. The costs of such benefits amounted to $29 million in 1992 (1991 – $25 million, 1990 – $25 million).

22. Reconciliation of earnings reported in accordance with Canadian generally accepted accounting principles (GAAP) with United States GAAP

	($ millions, except per share amounts)		
	1992	1991	1990
Net earnings – Canadian GAAP	**1,390**	1,329	1,147
Adjustments			
Foreign exchange	**(73)**	6	(8)
Other (a)	**(7)**	(7)	(8)
Net earnings – U.S. GAAP	**1,310**	1,328(b)	1,131(b)
Earnings per common share – Canadian GAAP	**4.21**	4.01	3.50
– U.S. GAAP	**3.95**	4.01	3.44

(a) Figures include additional amortization of goodwill related to Montreal Trustco assuming the amortization period would be 25 years rather than 40 years.

(b) If Bell Canada's 1991 and 1990 early retirement incentive plans had been treated in accordance with the United States Financial Accounting Standards Board's Statement No. 88: Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits, net earnings would have decreased by $72 million in 1991 and by $108 million in 1990.

(c) The United States Financial Accounting Standards Board has issued, to be effective in 1993, Statement No. 106 – Employers' Accounting for Postretirement Benefits Other Than Pensions (OPEB's). This statement requires employers to accrue the expected cost of OPEB's during the period employees provide service to employers. Certain application methods are permitted and BCE has not yet determined the effect, which is expected to be material, that this standard would have on its financial position and results under U.S. GAAP. However, if a similar Canadian standard is adopted, it is expected that in setting rates for regulated telecommunications entities in the BCE group of companies, the regulators would take such a standard into account.

(d) The United States Financial Accounting Standards Board has issued, to be effective in 1993, Statement No. 109 – Accounting for Income Taxes. For the regulated telecommunications companies in Canada, the regulators have generally already recognized the liability method of accounting for income taxes (see note 1 – Income taxes). In the case of other BCE entities, mainly Northern Telecom, BCE has estimated that the cumulative impact of the adoption of the liability method of accounting for income taxes under this new U.S. GAAP as of January 1, 1993 would increase net assets and retained earnings by some $100 to $150 million.

Selected consolidated financial and other data (unaudited)

	1992	1991
Statement of operations data ($ millions)		
Revenues		
Telecommunications services	**9,161**	8,939
Telecommunications equipment manufacturing	**10,199**	9,343
Financial services	**1,306**	1,491
Corporate and other	**118**	111
Total revenues	**20,784**	19,884
Earnings from continuing operations	**1,390**	1,329
Net earnings	**1,390**	1,329
Balance sheet data ($ millions)		
Total assets	**48,312**	45,704
Common equity	**11,078**	10,727
Preferred shares	**1,229**	1,232
Minority interest	**4,076**	3,748
Long-term debt (including current portion)	**9,303**	8,767
Capital expenditures	**3,718**	3,270
Common share data		
Earnings per share		
Continuing operations	**4.21**	4.01
Earnings per common share	**4.21**	4.01
Dividends declared per common share	**2.61**	2.57
Equity per common share	**36.28**	34.57
Return on common equity	**12.0%**	12.0%
Other data		
Network access services (thousands)	**9,768**	9,539
Message toll services (millions)	**1,892**	1,883
Number of employees (thousands)	**124**	124

Quarterly financial data (unaudited)

($ millions, except per share amounts)	4th Quarter		
	1992	1991	1990
Revenues			
Telecommunications	**5,542**	4,887	4,421
Corporate and other	**350**	385	454
Total revenues	**5,892**	5,272	4,875
Total operating earnings	**1,263**	955	872
Net earnings	**528**	368	345
Net earnings applicable to common shares	**505**	346	322
Earnings per common share	**1.65**	1.11	1.05
Average number of common shares outstanding (millions)	**305.3**	309.7	305.1

Reconciliation of earnings reported in accordance with Canadian generally accepted accounting principles (GAAP) with United States GAAP (unaudited)

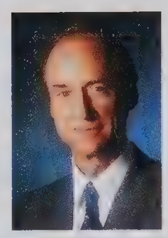
($ millions, except per share amounts)	4th Quarter		
	1992	1991	1990
Net earnings — Canadian GAAP	**528**	368	345
Net adjustments (including foreign exchange)	**(19)**	(25)	(4)
Net earnings — U.S. GAAP	**509**	343	341
Earnings per common share			
— Canadian GAAP	**1.65**	1.11	1.05
— U.S. GAAP	**1.59**	1.04	1.04

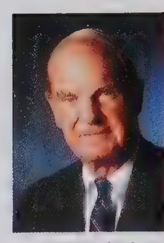
1990	1989	1988	1987	1986	1985	1984	1983	1982
8,807	8,342	7,562						
7,851	7,161	6,598						
1,577	985	–						
138	193	285						
18,373	16,681	14,445	14,321	13,567	12,846	10,615	8,902	8,430
1,147	1,201	853	1,070	974	1,007	935	830	615
1,147	761	846	1,076	979	1,009	935	830	615
41,987	39,261	25,988	23,797	21,576	19,506	17,396	14,772	13,211
10,090	9,548	9,214	8,885	8,217	7,200	6,252	5,307	4,257
1,235	858	13	243	257	313	378	423	522
3,275	2,890	2,342	2,292	2,134	1,798	1,349	800	528
7,788	7,471	6,511	5,972	5,052	5,041	4,609	4,282	4,567
3,312	3,191	3,052	2,853	2,306	2,218	1,966	1,580	1,711
3.50	3.91	2.97	3.85	3.63	4.04	4.01	3.88	3.07
3.50	2.43	2.95	3.87	3.65	4.05	4.01	3.88	3.07
2.53	2.49	2.45	2.41	2.37	2.30	2.205	2.105	1.99
33.04	31.61	31.82	32.44	30.97	29.26	26.78	24.68	22.68
10.8%	7.6%	9.2%	12.3%	12.1%	14.5%	15.8%	14.7%	13.7%
9,300	8,986	8,472	8,117	7,746	7,424	7,145	6,887	6,722
1,821	1,695	1,455	1,254	1,083	978	895	833	791
119	120	115	116	109	108	108	101	98

3rd Quarter			2nd Quarter			1st Quarter		
1992	1991	1990	**1992**	1991	1990	**1992**	1991	1990
4,708	4,437	4,050	**4,619**	4,653	4,186	**4,491**	4,305	4,001
347	393	440	**358**	401	416	**369**	423	405
5,055	4,830	4,490	**4,977**	5,054	4,602	**4,860**	4,728	4,406
916	941	722	**712**	872	759	**821**	803	723
318	361	269	**246**	307	268	**298**	293	265
294	337	244	**223**	283	247	**273**	269	249
0.96	1.10	0.80	**0.72**	0.92	0.82	**0.88**	0.88	0.82
305.2	308.2	304.2	**309.0**	306.7	303.4	**311.0**	306.0	302.6

3rd Quarter			2nd Quarter			1st Quarter		
1992	1991	1990	**1992**	1991	1990	**1992**	1991	1990
318	361	269	**246**	307	268	**298**	293	265
(36)	2	3	**(3)**	13	3	**(22)**	9	(18)
282	363	272	**243**	320	271	**276**	302	247
0.96	1.10	0.80	**0.72**	0.92	0.82	**0.88**	0.88	0.82
0.84	1.10	0.82	**0.71**	0.97	0.82	**0.81**	0.91	0.76

BOARD OF DIRECTORS


Peter A. Allen

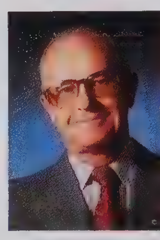

Ralph M. Barford


Laurent Beaudoin


Marcel Bélanger


Warren Chippindale


J.V. Raymond Cyr


C. William Daniel


A. Jean de Grandpré


J. Peter Gordon


Jeannine Guillevin Wood

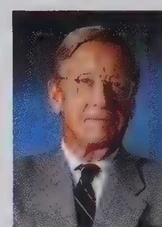

The Honourable
Donald J. Johnston


Gerald J. Maier


E. Neil McKelvey


J. Edward Newall


Alastair H. Ross


C. Richard Sharpe


Paul G. Stern


Louise B. Vaillancourt


Lynton R. Wilson

MEMBERS OF THE COMMITTEES OF THE BOARD

Audit
M. Bélanger – chairman
P.A. Allen
W. Chippindale
J. Guillevin Wood
E.N. McKelvey
A.H. Ross
L.B. Vaillancourt

Management Resources and Compensation
J.P. Gordon – chairman
R.M. Barford
L. Beaudoin
C.W. Daniel
J.E. Newall
C.R. Sharpe

Pension Fund Policy
J.P. Gordon – chairman
A.J. de Grandpré
D.J. Johnston
G.J. Maier
P.G. Stern

Peter A. Allen
Toronto, Ontario
Chairman of the Board,
President and
Chief Executive Officer
Lac Minerals Ltd.
(mine exploration,
development and production
company, specializing in gold
and other hardrock minerals)

Ralph M. Barford
Toronto, Ontario
President
Valleydene Corporation
Limited
(private investment company)

Laurent Beaudoin, C.C., F.C.A.
Westmount, Quebec
Chairman and
Chief Executive Officer
Bombardier Inc.
(manufacturer of recreational,
industrial, aerospace and
transportation products)

Marcel Bélanger, O.C., F.C.A.
Quebec, Quebec
President
Gagnon et Bélanger Inc.
(management consultants)

Warren Chippindale, F.C.A.
Mont-Tremblant, Quebec
Company Director/Consultant

J.V. Raymond Cyr, O.C.
Montreal, Quebec
Chairman of the Board
BCE Inc.

C. William Daniel, O.C.
North York, Ontario
Company Director/Consultant

A. Jean de Grandpré, C.C., Q.C.
Montreal, Quebec
Founding Director and
Chairman Emeritus
BCE Inc.
Legal Counsel
Lavery, de Billy
(law firm)

J. Peter Gordon, O.C.
Mississauga, Ontario
Company Director

Jeannine Guillevin Wood
Montreal, Quebec
Chairman of the Board and
Chief Executive Officer
Guillevin International Inc.
(distributor of electrical
products)

The Honourable
Donald J. Johnston, P.C., Q.C.
Montreal, Quebec
Legal Counsel
Heenan Blaikie
(law firm)

Gerald J. Maier
Calgary, Alberta
Chairman of the Board,
President and
Chief Executive Officer
TransCanada PipeLines
Limited
(natural gas transportation
and marketing company)

E. Neil McKelvey, O.C., Q.C.
Saint John, New Brunswick
Counsel
Stewart McKelvey
Stirling Scales
(law firm)

J. Edward Newall
Calgary, Alberta
President and
Chief Executive Officer
NOVA Corporation of Alberta
(natural gas transportation and
chemicals manufacturing and
marketing company)

Alastair H. Ross
Calgary, Alberta
Chairman and
Chief Executive Officer
Pacific Enterprises Oil
Company (Canada)
(oil and gas exploration
company)

C. Richard Sharpe
Mississauga, Ontario
Chairman of the Board
Sears Canada Inc.
(retail department stores and
catalogue sales)

Paul G. Stern
Potomac, Maryland
Chairman of the Board and
Chief Executive Officer
Northern Telecom Limited

Louise B. Vaillancourt, C.M.
Outremont, Quebec
Company Director

Lynton R. Wilson
Montreal, Quebec
President and
Chief Executive Officer
BCE Inc.

COMMITTEES OF THE BOARD

BCE has established permanent committees of the Board of Directors to permit continuing review of the areas of auditing, management resources and compensation and pension fund policy.

The *Audit Committee* reviews the corporation's financial statements and related data prior to submission to the full Board. It advises the Board on the adequacy, accuracy and timeliness of financial reports; on the efficacy of internal accounting, auditing and control procedures; and ensures that BCE continues to meet high standards of disclosure, fully compliant with all external requirements and reporting standards.

The Audit Committee also advises the Board on the selection of the shareholders' auditors and meets, both separately and together, with the auditors and management. BCE's Audit Committee consists entirely of outside directors, *i.e.*, directors who are not officers of BCE or its subsidiaries. The Audit Committee met five times during 1992.

The *Management Resources and Compensation Committee* recommends candidates for appointment or election to the Board, ensures that qualified personnel will be available for appointment to officer and other management ranks, and assesses the performance of officers. All members of the committee are outside directors. The Management Resources and Compensation Committee met five times during 1992.

The *Pension Fund Policy Committee* advises the Board on the funding of pension liabilities and the investment of pension fund assets of BCE and certain of its subsidiary and associated companies. It also reviews and reports to the Board on the activities of the pension fund trustee as directed by management. The Pension Fund Policy Committee met twice during 1992.

CORPORATE OFFICERS

J.V. Raymond Cyr
Chairman of the Board

Lynton R. Wilson
President and
Chief Executive Officer

Gerald T. McGoey
Executive Vice-President and
Chief Financial Officer

Josef J. Fridman
Senior Vice-President,
Law and Corporate Services

Thomas J. Bourke
Group Vice-President,
Directories

William D. Anderson
Vice-President,
Taxation

Frederick J. Andrew
Vice-President and Treasurer

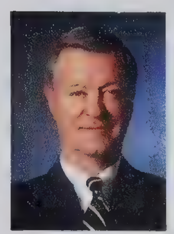
Douglas B. Gibson
Vice-President and
Comptroller

Bernard Grégoire
Vice-President,
Corporate Affairs

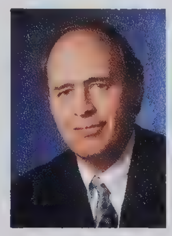
Guy Houle
Vice-President and
Corporate Secretary


Gerald T. McGoey

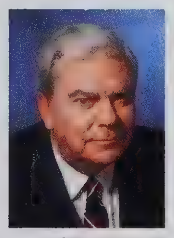

Josef J. Fridman


Thomas J. Bourke


William D. Anderson


Frederick J. Andrew


Douglas B. Gibson


Bernard Grégoire


Guy Houle

DEPARTMENTAL EXECUTIVE

R. Stephen Bower
Assistant Comptroller-
Management Information and
Financial Reporting

Pierre Brochu
Assistant Comptroller-
Performance and Control

Howard N. Hendrick
Assistant Treasurer and
Director of Investor Relations

Marc J. Ryan
General Counsel

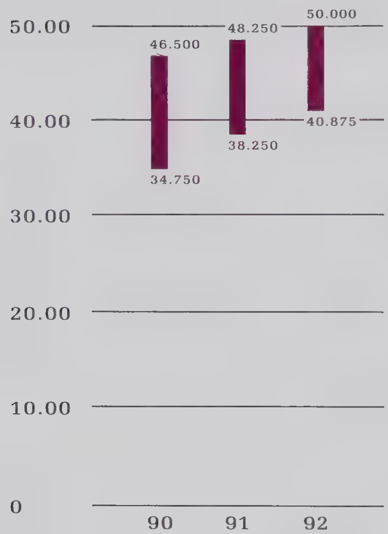
Reynold Tremblay
Assistant Comptroller-
External Reporting

Leonard J. van der Heyden
Assistant Vice-President
Human Resources and
Administration

PRICE RANGES OF COMMON SHARES

	1992 High	1992 Low	1991 High	1991 Low
Montreal and Toronto				
1st quarter	**$50**	**$45⅞**	$43½	$38¼
2nd quarter	**46⅛**	**42⅜**	43¾	39⅞
3rd quarter	**47⅜**	**42⅜**	45⅛	41⅞
4th quarter	**45⅞**	**40⅞**	48¼	43⅞
NYSE consolidated tape (US $)				
1st quarter	**$43¼**	**$38½**	$37⅝	$33⅜
2nd quarter	**38⅝**	**35½**	37⅞	34⅜
3rd quarter	**39⅞**	**34**	40¼	36⅝
4th quarter	**36⅞**	**32⅛**	42⅝	38¾

Market prices per common share
(Canadian $)

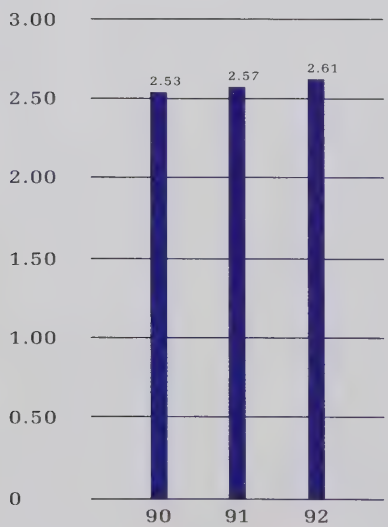


Dividends

Quarterly dividends of $0.65 per common share were paid in 1992 ($0.64 in 1991).

On November 25, 1992, the Board of Directors declared an increase in the dividend on common shares. The final 1992 quarterly dividend, paid on January 15, 1993, was raised to $0.66. The indicated annual rate is now $2.64, an increase of $0.04 over the previous annual rate.

Dividends
($)



Number of shareholders

At December 31, 1992, there were 305,346,543 BCE common shares outstanding, held by 254,521 registered shareholders. At the same date, there were 18,001,300 preferred shares outstanding, held by 455 registered shareholders.

SHAREHOLDER SERVICES AND INFORMATION

Dividend Reinvestment and Stock Purchase Plan (DRP)

Shareholders wishing to acquire additional common shares of BCE Inc. can take advantage of the Shareholder Dividend Reinvestment and Stock Purchase Plan. This plan provides a convenient method for eligible holders of BCE common shares to reinvest all of their common share cash dividends in new common shares of BCE.

Participating shareholders pay no brokerage commission or service charge of any kind and all administrative costs of the plan are borne by the corporation.

Payment of dividends – direct deposit

BCE Inc. shareholders resident in Canada may have their dividend cheques deposited directly to their personal account at most banks or other financial institutions. This service permits shareholders to arrange for the timely deposit of their dividend payments in a manner that is reliable, secure and convenient.

U.S. resident shareholders – choice of dollar-denominated dividend payments

U.S. holders of common shares who are resident in the United States and have not elected to have their cash dividends reinvested in DRP normally have their dividends converted to and paid in U.S. funds, unless instructions to pay in Canadian funds are received.

Multiple mailings

In some cases, where a shareholder holds more than one class of securities, or when holdings are registered differently, the shareholder may receive more than one copy of publications such as annual reports. In such cases, please advise our transfer agent.

Do you wish to receive quarterly reports?

As BCE's results are published in the financial press shortly after the end of each quarter, an increasing number of BCE shareholders have elected not to receive quarterly reports. This saves both paper and expense.

Quarterly reports will be mailed only to those shareholders who have specifically asked to receive them. If you wish to receive quarterly reports, please advise the Montreal Trust Company.

CANADIAN TAXES ON FOREIGN INVESTORS

Income taxes

Dividends (including stock dividends) on BCE shares paid or credited to non-residents of Canada are subject to withholding tax at 25 per cent, unless reduced by treaty.

Under the United States-Canada Income Tax Convention, a withholding tax of 15 per cent applies to BCE dividends (including stock dividends) paid or credited to individuals residing in the U.S. or to corporations organized under the laws of the U.S which do not have a "permanent establishment" or a "fixed base" in Canada.

A U.S. holder of BCE common shares may be entitled to either a deduction or a credit for the Canadian withholding tax paid on BCE dividends. If a U.S. shareholder elects to claim a credit against the U.S. federal income taxes payable, he may do so by filing Form 1116, "Computation of Foreign Tax Credit". Once a U.S. shareholder elects to claim a foreign tax credit, this choice applies to all foreign taxes paid to all foreign countries and no portion may be deducted from gross income.

Gains on disposals of BCE shares by non-residents of Canada are generally not subject to Canadian income tax, unless realized by the holder in connection with a business (including an "adventure in the nature of trade") carried on in Canada.

Estate and succession duties

There are no estate taxes or succession duties imposed by Canada or by any province of Canada.

INVESTOR INFORMATION

Transfer offices for stock

Canada

Montreal Trust Company

St. John's, Nfld.

Halifax

Charlottetown

Saint John, N.B.

Montreal

Toronto

Winnipeg

Regina

Edmonton

Calgary

Vancouver

Outside Canada – Common shares only

Bank of Montreal Trust Company
New York, N.Y.

The R-M Trust Company
London, England

Registrar for stock

Canada

Montreal Trust Company

St. John's, Nfld.

Halifax

Charlottetown

Saint John, N.B.

Montreal

Toronto

Winnipeg

Regina

Edmonton

Calgary

Vancouver

Outside Canada – Common shares only

Bank of Montreal Trust Company
New York, N.Y.

The R-M Trust Company
London, England

Listing of stock

Canada

The Montreal Exchange
The Toronto Stock Exchange
Vancouver Stock Exchange

Outside Canada – Common shares only

France
Paris Stock Exchange

Germany
Frankfurt am Main,
Düsseldorf Stock Exchanges

Japan
Tokyo Stock Exchange

Switzerland
Zürich, Basel,
Geneva Stock Exchanges

The Netherlands
Amsterdam Stock Exchange

United Kingdom
The Stock Exchange

United States
New York Stock Exchange

SHAREHOLDER INQUIRIES

For further information concerning DRP and how to participate, direct deposit, the elimination of multiple mailings or the receipt of quarterly reports, please contact the Montreal Trust Company:

By mail:

Montreal Trust Company
P.O. Box 1100, Station B
Montréal (Québec)
H3B 3K9

By telephone:

(514) 982-7555 – in the Montreal area or outside of Canada

1-800-561-0934 – elsewhere in Canada (toll-free)

Pour obtenir un exemplaire français du rapport annuel, prière d'écrire à l'adresse suivante :

Le vice-président et secrétaire
de la Société
BCE Inc.
2000, avenue McGill College
Bureau 2100
Montréal (Québec) H3A 3H7

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Design by:
Nolin Larosée Design Communications
Montreal, Quebec

ORGANIZATION

CHART

BCE COMPANIES

CANADIAN TELECOMMUNICATIONS

TELECOMMUNICATIONS SERVICES (TELECOMS)

- **Bell Canada** 100%
  - **Bell Sygma Inc.** 100%
- **Télébec ltée** 100%
- **Northern Telephone Limited** 99.9%
- **Northwestel Inc.** 100%
- **NewTel Enterprises Limited** 55.3%
  - **Newfoundland Telephone Company Limited** 100%
- **Bruncor Inc.** 37%
  - **The New Brunswick Telephone Company, Limited** 100%
- **Maritime Telegraph and Telephone Company, Limited** *34.3%
  - **The Island Telephone Company Limited** 52%

OTHER TELECOMS

- **BCE Mobile Communications Inc.** 65.5%
  - **Bell Mobility** Cellular, Paging, Radio 100%
  - **Skytel Communications Corporation** 100%
  - **Bell-Ardis Inc.** 60%
- **Teleglobe Inc.** 22.8%
  - **Teleglobe Canada Inc.** 100%
- **Telesat Canada** *57.5%

INTERNATIONAL TELECOMMUNICATIONS

- *Investments*
  BCE Telecom International Inc. 100%
  - **CLEAR Communications Limited** (New Zealand) 24.4%
  - *Cellular*
    Sistemas Telefonicos Portatiles Celulares (Mexico) 28.5%
  - **Telecomunicaciones Del Golfo S.A. de C.V.** (Mexico) 28.5%
- *Consulting*
  Bell Canada International 100%
- *Telecom Services*
  Mercury Communications Limited (United Kingdom) 20%
- *Cable TV and Telecom Services*
  Videotron Holdings Limited (United Kingdom) 24.6%
- **Encom Cable TV & Telecommunications Limited** (United Kingdom) 68%

DIRECTORIES

- **Tele-Direct (Publications) Inc.** 100%
- **Tele-Direct (Services) Inc.** (Canada) 100%
- **Pacific Access Pty. Ltd.** (Australia) 12.2%
- **Y.P. Publishing Australia Pty. Ltd.** 100%
- **Tele-Direct International Ltd.** 100%
  - **Al Wahda-Express** (United Arab Emirates) 35%
  - **Tele-Gulf Directory Publications** (Bahrain) 59%
  - **Egypt Yellow Pages Ltd.** 47%
  - **Caribbean Publishing Company Ltd.** (Cayman Islands) 86%
  - **M&N Publications Inc.** (India) 49%
  - **Hashemite Publishing Limited** (Jordan) 49%

TELECOMMUNICATIONS MANUFACTURING

- **Northern Telecom Limited** — *52.4%*
  - **Northern Telecom Canada Limited** — *100%*
  - **Northern Telecom Inc.** (U.S.A.) — *100%*
  - **Northern Telecom Europe Limited** (United Kingdom) — *100%*
  - **Northern Telecom (CALA) Corporation** (Caribbean and Latin America) — *100%*
  - **Northern Telecom Japan Inc.** — *100%*
  - **Northern Telecom (Asia) Limited** (Hong Kong) — *100%*
  - **Matra Communication S.A.** (France) — *20%*
  - **MOTOROLA NORTEL Communications Co.** (U.S.A.) — *40%*
  - **NT Meridian S.A.** (France) — *72.6%*
  - **Netaş-Northern Electric Telekomünikasyon A.S.** (Turkey) — *31%*
  - **Tong Guang-Nortel Limited Liability Company** (People's Republic of China) — *55%*

RESEARCH AND DEVELOPMENT

- **Bell-Northern Research Ltd.** — *Northern Telecom 70%*, *Bell Canada 30%*
- **BNR Europe Limited** (United Kingdom) — *Northern Telecom 100%*
- **BNR Inc.** (U.S.A.) — *Northern Telecom 100%*

FINANCIAL SERVICES

- **Montreal Trustco Inc.** — *100%*
  - **Montreal Trust Company** — *100%*
  - **Montreal Trust Company of Canada** — *100%*
  - **RoyNat Inc.** — *100%*
  - **Montrusco Associates Inc.** — *51%*
- **Bimcor Inc.** — *100%*
- **Teletech Financial Corporation** — *Bell Canada 30%*, *BCE Mobile 30%*

OTHER

- **BABN Technologies Inc.** — *100%*
- **The Case-Hoyt Corporation** — *100%*

Ownership percentages displayed are as of January 14, 1993.

Certain entities are held indirectly through one or more subsidiaries which are not shown here.

*BCE has only a 25 per cent voting interest in Telesat Canada and, under a provincial statute, can vote only 1000 shares of MT&T.

PRINCIPAL ACTIVITIES

CANADIAN TELECOMMUNICATIONS

INTERNATIONAL TELECOMMUNICATIONS

DIRECTORIES

TELECOMMUNICATIONS EQUIPMENT MANUFACTURING

RESEARCH AND DEVELOPMENT

FINANCIAL SERVICES